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A STATUETTE OF HUDSON FOUND IN HIS HOUSE AT YORK

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# THE RAILWAY KING

1800-1871

*A Study of George Hudson*
*and the business morals*
*of his time*

*by*

RICHARD S. LAMBERT

*Illustrated*

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TO

ELINOR LAMBERT

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# THE RAILWAY KING

## CHAPTER I

## THE ENIGMA

"You may seek it with thimbles—and seek it with care,
You may hunt it with forks and hope;
You may threaten its life with a railway share;
You may charm it with smiles and soap.

"But oh! beamish nephew, beware of the day
If your Snark be a Boojum, for then
You will softly and suddenly vanish away,
And never be met with again!"

*The Hunting of the Snark*

IN an open space just outside the walls of the city of York, between a pair of tramway lines and facing the entrance to the goods yard of the London and North-Eastern Railway, stands a statue of glistening white marble, representing a mid-Victorian gentleman dressed in a frock-coat, grasping a roll of papers firmly in his right hand, and staring with puglike tenacity of expression at the grimy buildings before him. This is not a statue of the hero of this book, George Hudson the Railway King, but is inscribed with the name of his doughtiest and most persistent enemy, one George Leeman a solicitor who, in the third quarter of the last century, represented York in Parliament and also served for some years as chairman of the former North-Eastern Railway Company. Now whatever the services of Leeman to York may have been, we can hardly doubt that the erection of his statue in this particular place, overlooking the site of Hudson's triumphs in his native city, had a special significance of its own; it represents approximately the conscience of York triumphantly reasserting herself after a temporary orgy of misdoing.

The sleepy old archiepiscopal city would, indeed, willingly have us forget that short but vivid chapter of her history when she allowed herself to be seduced away from her traditional repose and dignity, and be committed to take part (even a central part) in the national scramble for filthy lucre and commercial pre-eminence. Railway building was the occasion of the seduction; and George Hudson, the linen draper of College Street, was the seducer. That Hudson's devotion to York was unquestionable only adds to the embarrassment of the affair. He was, indeed, never tired of defending her rights, improving her amenities and public buildings, and distributing his largesse among his fellow-citizens. Up to a point his career proceeded along well-recognised lines. He raised himself, at least partly by his own exertions, from obscure beginnings: he became a millionaire; he dominated the civic life of his native city; he provided half of England with a network of railways constructed at great speed, yet to a co-ordinated plan; he gave employment to thousands of workmen, and carried cheap coal to thousands more; he entered Parliament and secured an influence as great as that of many eighteenth-century boroughmongers; he chose the most respectable side in politics, as also in religion; he enriched his friends as well as himself, and took a stake in the country by buying land on a scale that only peers could emulate; he was renowned for his charity, and unimpeachable in his private morals. What more could be wanted? Yet there was a fatal flaw in the record, presenting a riddle that no one in that materialistic age could solve.

Hudson was adjudged guilty, by the public opinion of his time, of two unpardonable offences—failure in the speculations upon which he had led the nation to embark, and fraud in the methods which he had used to carry on his operations. For a short time, while his speculations were seeming to succeed, he enjoyed an apotheosis which is given to few men—a dazzling popularity and influence unexampled in our commercial history. But all the more violent was the reaction which set in when the idol was found to have feet of clay. So many had put

their faith in him that when that faith was violently and suddenly uprooted, the only refuge—after a shortlived outburst of execration—seemed to be ashamed silence. The community had been mistaken; the man they had taken for another Arkwright, Wedgwood, or Stephenson, was but a common swindler. Failure alone, and fraud alone, were each condonable offences, and there were precedents in the form of great men who had been "unlucky." But Hudson had too nearly succeeded to be allowed the usual excuses for the fallen; he knew too many secrets, and could implicate too many respectable fellow-citizens. Therefore a conspiracy of forgetfulness, as of a favourite child who must not be mentioned in the hearing of offended parents, was employed to put his name into historical limbo. York, in particular, was ashamed of him. At one time his name had been everywhere: in her streets, her council chamber, her newspapers, and her churches. But after his fall she took steps effectually and for ever to purge herself of his memory. Finally—to re-establish civic virtue—she erected the white statue of Leeman at the very place where a statue of Hudson (for which indeed no less than £20,000 had been subscribed by the public) might have stood, in the midst of those visible achievements of his which it was impossible to remove.

This deliberate excision of the Hudson page from York and English history had lasting consequences. Not only did the Railway King outlive his own notoriety, but the curtain of silence which descended upon his whole career was not raised until the key to the riddle of his personality had been rusted, if not lost. He died more than twenty years after his fall; yet there were then living still too many of the men whom his speculations and defalcations had ruined, for an impartial study of his achievements to be published. *The Times*, indeed—once his unsparing critic—might have the courage to do him justice in an obituary notice which pronounced him "a man who united largeness of view with wonderful speculative courage . . . the kind of man who leads

the world." And a few railway managers might, in the privacy of their own meetings, recall with awe what they could remember of his daring and far-sighted railway planning. But to the public at large Hudson remained just a phrase—the "big swollen gambler" of Carlyle, or, in short, a pricked bubble.

Psychology was never a strong point with the Victorians: or someone would have found it worth while to probe deeper below the surface than that. There never was a case, indeed, where the bare facts and the interpretation of those facts were harder to reconcile. For on the one hand it is indisputable that Hudson raised himself to power and prosperity by methods at least highly questionable; that he was long suspected by a minority, and finally found guilty by the majority of public opinion, of such gross business mismanagement as amounts to fraud; that he wasted a large part of some thirty millions of the nation's capital; and that his political activities were as doubtful as his financial. On the other hand, the man who remained George Stephenson's closest friend from their first meeting to the end of his life; whom Gladstone, after the exposure, declared to have been "no mere speculator, but a projector of great discernment, courage, and rich enterprise"; whom a small but devoted band of admirers supported to the day of his death—could not have been a mere windbag, carried to temporary success upon a lucky investment boom. What, then, is the secret of that character, so baffling that no authority has yet plainly pronounced either its acquittal or its total condemnation? Was Hudson fundamentally honest or dishonest?

No one can read the reports of the Committees of Investigation set up by the shareholders of his companies in 1849 without coming to the conclusion that Hudson, according to his own admission, committed acts for which he would nowadays find himself in prison. Manipulation of accounts, misappropriation of shares, and publication of false balance sheets, were three of the offences brought home to him—offences by means of which he carried on successfully for so

many years his practice of declaring dividends not truly carried, and arranging for their payment out of new or borrowed capital. Yet Hudson's attitude towards these offences, when they were brought home to him, was not that of a guilty man. In general, his line of defence was to justify what he had done. At first he would appear to be merely amazed that anyone should question the probity of his actions at all. Next, though admitting to some carelessness of detail (which he would attribute to the vastness and complexity of the enterprises which he had to direct), he would set down the trouble to a misunderstanding of what he had done or ordered to be done. Finally, he would plead that whatever his mistakes might have been, they were committed in the larger interests of his shareholders and of the public; whilst his own rewards were fully justified by the risks he had run and the labours he had undertaken. Probably every swindler of the public on a large scale defends himself in this way; but an examination of the special circumstances surrounding Hudson's career does lend a certain plausibility to the defence in this case.

Hudson was never criminally prosecuted for his offences. This may seem surprising in view of the intense national reprobation aroused by the exposure of his conduct in 1849. Could a prosecution have been successfully launched, public opinion would certainly have insisted upon it, in spite of the belief that many of the highest in politics and society would have been implicated in the case. But under what Act could a criminal charge be brought? Company law was still in its infancy; a few Acts did indeed provide for certain elementary rules of account-keeping and publicity to be kept; but Hudson's offences had been committed behind the façade of the existing law, not in open contempt of it, but by taking advantage of its deficiencies. In the eyes of many critics this no doubt only made his wickedness more heinous; these millions of pounds had been embezzled in spite of the due performance of all the precautions which the law had prescribed to prevent such

a thing. At the same time, the absence of definite statutory prohibition of the practices indulged in made it possible for Hudson to represent every one of the charges against him in an equivocal light, making judgment turn on the question of motive.

Hudson was no criminal in his own eyes, because he had acted neither better nor worse than the directors of hundreds of other railway companies at the time. There is also ample evidence to show that, from the early days of the York and North Midland Railway onwards, the shareholders over whom he ruled had many opportunities to interfere with his practices, if they had chosen to heed the repeated warnings given by that small minority of their number who insisted on a higher standard of commercial morality than was usually accepted. Yet even with the Quakers, who took such an active part in railway promotion, Hudson managed to keep on good terms. His ruin, therefore, was not due primarily to the detection of his sharp practices; it was due to society's desire to find a scapegoat for the failure of its own system of conducting railway business.

The defence of Hudson can now be taken on to wider ground. The coming of railways during the 'thirties and 'forties of the last century was probably the most upsetting and stimulating single economic phenomenon that society in this country has ever experienced. It is impossible for us to do more than faintly imagine the awe with which the advance of the "iron road" through the heart of the old-world countryside was regarded in the early days of Queen Victoria; or the tremendous revolution in ways of living which even a single new branch line caused in the district which it served. Romance, beauty, and poetry were perceived in steam engines, railway stations, viaducts, cuttings, and tunnels. The magic of speed took hold of men's imaginations for the first time, making them dream of new amusement, new education, new health, and new morals, as well as of new material comforts. Once the initial prejudice of conservatism had worn off,

prestige attached to any connection with the marvellous new invention, whose potential influence for good seemed almost limitless.

But whilst men could see—and exaggerate—the power of railways to improve and enrich society, they remained grossly ignorant of the right way to develop that power upon practical lines. To have railways built—short lines, long lines, competing lines, monopolistic lines, well-run lines, inefficient lines—and to have them built as quickly as possible, was the limit of ambition. Little thought was given to the question where the railways were to go, which parts of the country deserved to be opened up first and which could wait. Military and strategic considerations, which operated to influence Continental railway building, were absent in England. Commercial considerations were all-powerful, but only according to the anarchical gospel of *laissez-faire*, qualified by the fear of letting a monopoly grow up by accident. In this chaotic situation there were perhaps two or three men in the whole of England whose minds were capable of evolving a plan for railway construction as a whole; and not more than one who could see how the railways thus built must sooner or later come to be managed. George Stephenson planned in outline the main long-distance routes between North and South; and Hudson, working upon Stephenson's ideas, translated the boldest of them into reality. But only Hudson could see the solution of the further problem—the necessity of amalgamation between equal competing lines to prevent waste and reduce costs, and the necessity of absorption of small lines into great to give the public better services. Through his experience of amalgamations, leases, and purchases Hudson gradually arrived at the doctrine which he enunciated before the Committee of 1844—that a controlled monopoly was the best form of railway management. Starting from the Midland Amalgamation of 1843, he worked steadily towards a unification of all the lines between Rugby and Edinburgh. Had his struggle against the Great Northern line met with success,

the transmogrified Eastern Counties line would have been drawn into the system, and a great combination would have emerged capable of comparison with the present-day London and North-Eastern, or London, Midland, and Scottish Railways —or even both. The railway combinations of 1921 were, indeed, but a long-deferred realisation of the principles upon which Hudson had worked nearly eighty years previously. In return for a guaranteed and stable monopoly he would—as he showed in his evidence in 1844—have been prepared to accept measures of State control. If, then, one of our present-day railway companies could be imagined as operating under a personal dictatorship, Hudson would surely be perfectly at home in the chair of its directing board. Our great public utility concerns, which combine the virtues of business management with those of public service, would have been readily intelligible to the Railway King.

George Hudson is perhaps the only business man of a hundred years ago whom we can easily imagine at home in the modern world. Other giants of the early stages of our Industrial Revolution pale into insignificance beside him in respect of personal energy and capacity for simultaneously directing many distinct and complex enterprises. The slow-moving world of 1845 was fascinated above all by the speed with which he worked. But Hudson had no telephones or cables, no typewriters or dictaphones, no aeroplanes or first-class hotels to ease the rapidity of his communications. By an unheard-of display of physical vigour he contrived to keep his fingers upon the threads of operations over a front that stretched from London to Newcastle and beyond. And *what* operations!

Hudson's energies overflowed into four distinct channels: first, railway, dock, and other industrial enterprises; secondly, banking and finance; thirdly, the acquisition and management of landed property; lastly, politics local and national. At the height of his career we find him directing, in the first place, four large railway systems—the York, Newcastle, and Ber-

wick, the York and North Midland, the Midland, and the Eastern Counties; besides which he was personally managing several other lines, such as the Newcastle and Carlisle, which were in process of absorption into one or other of the larger systems. Thus he was altogether responsible for some 1,450 miles out of the total 5,000 miles of railway open in England in 1849. Furthermore, he was superintending the construction of great new docks at Sunderland and Monkswearmouth; whilst he was also interested in neighbouring docks at Hull and other places on the north-east coast. Other industrial enterprises in which he was concerned as director and principal shareholder included a glass works at South Shields (which supplied the roofs of the stations on his lines), and George Stephenson's important collieries at Clay Cross. Besides this, he carried on sporadically the business of dealer in iron, entering into big contracts with the manufacturers, and reselling to his own companies or elsewhere, according to the state of the market.

In the next place, Hudson was the guiding spirit and chairman of the York Union Bank, which he used as his main instrument for the financing of his schemes of company promotion. The York Bank, through its London connections, drew deep upon the purses of the City when, as in the disastrous years of 1847 and 1848, the Hudson enterprises were sinking deeper and deeper in the mire of insolvency. Alongside of these banking arrangements, Hudson required also an elaborate organisation for influencing prices upon the Stock Exchanges of London and York. The latter, a mushroom growth of 1845, was easily controlled. But in the City, also, he had his office, through which his London brokers were guided in their purchases and sales of the stocks and shares which he wished to raise or depress in value. The same offices could be used for running the campaigns for which he became so famous, to bring about the amalgamation of concerns in which he was interested, or to intimidate rivals whom he wished to edge out of his path.

Thirdly, Hudson owned land on a large scale in the East and North Ridings of Yorkshire. Some of these estates were for his own use, or for the elevation of his family in the social scale. Others were pawns in his railway game, to be played when the moment came to obstruct an enemy's scheme or forward one of his own. Beside all this, however, Hudson was also interested in estate development in the infant watering-places on the north-east coast. Both Scarborough and Whitby owed the rise of their popularity not merely to the railway connections which he brought them, but also to the plans he set on foot for building hotels, boarding-houses, and villas to attract visitors.

Fourthly and lastly, there was politics. Hudson had not merely to play his part in the inner counsels of the Tory Party, and on the front bench in the House of Commons. He had also to pilot through both Houses the innumerable railway bills in which he was interested, and to watch over railway interests as a whole in Parliament. To this was attached a considerable amount of committee work, much wire-pulling behind the scenes, and a necessary routine of social duties and entertainment. But his political influence at Westminster rested upon a surer foundation of political power in Yorkshire which had to be carefully maintained. Hudson had to control, in person or through agents, the main part of the civic life and government of York. He served upon the magistracies of York, the North Riding, and Durham. And he controlled the predominant local machine for Parliamentary elections in the three boroughs of York, Sunderland, and Whitby. His influence was also exercised through newspapers, of which he was part proprietor, such as the *Yorkshire Gazette*, the *Sunderland Times*, and the *Railway Chronicle*.

At the height of his power, then, we find Hudson controlling a vast network of enterprises such as no one man before his time had dared to try to combine. Even to-day, such a team can be driven by a single man only if he is supported by efficient subordinates guided by a sound traditional routine governing

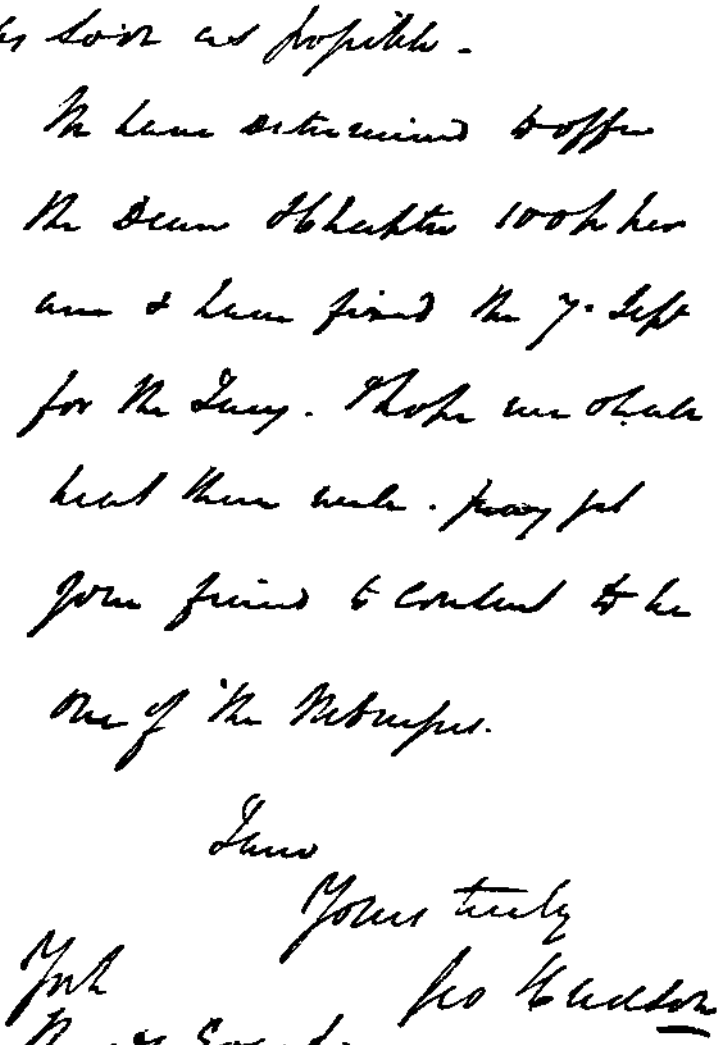
matters of detail. In Hudson's day, however, the form of organisation through which all these enterprises had to be directed and forwarded was itself in the embryonic and formative stage. The Joint Stock Company sprang into sudden and suspicious popularity during the 'thirties as the only means of providing the country with adequately strong banks and well-built railways. But for over a century previously it had lain under the stigma of being an instrument of fraud and speculation, from which the examples of its successful application to canal building and water supply had hardly redeemed it. No one could say for certain how the new joint stock company ought to be managed, when applied to rapidly expanding industrial enterprise. The new railway companies attracted the capital of the middle-class merchant and tradesman, as well as the savings of the professional classes and landed gentry. And each such company, being governed by the votes of its shareholders, was essentially a middle-class democracy upon a small scale. The semi-annual meeting was the open forum at which every citizen's voice could be heard; the board of directors were the politicians who must trim their sails according to the whims and prejudices of this ignorant constituency. Parliament itself had but recently and reluctantly opened its doors to the class of people who in their own railway meetings applauded extravagant estimates for new lines at one moment, denounced their leaders and demanded parsimony in the next, and at all seasons, timely and untimely, raised their eternal clamour for dividends.

How, then, was the railway democracy of the 'forties to be led? Only, it appeared to Hudson, by arts similar to those employed by the politician—cajolings, promises, threats, and chicanery. How could a group of timid tradesmen, who wanted to win a fortune by gambling without risk, be persuaded to agree to the necessary bold annexations, leases, purchases, or extensions, which alone could transform a petty local line into the nucleus of a national trunk system? A loud voice, a blustering manner, a little jugglery with figures, would

indeed go a long way with such people. But unless they had a personality to lead them, they would fall into despondency at the first check, forget all their ambitions, and allow themselves to be bought out at a loss by some unscrupulous rival.

Hudson possessed a personality exactly fitted for dominating the superstitious, greedy, and unstable democracy of the early railways. He inspired in a minority of those with whom he had to do a passionate and persistent loyalty; in another minority he provoked equally passionate dislike and contempt. But to the clownish majority he was as a mountebank upon a platform at a fair—one who could draw money from their pockets by tricks which kept them perpetually gaping. Unfortunately for his permanent success, however, the accomplices whom he chose were not usually men of outstanding ability; he was generally ill-served by his lieutenants; whilst the most forceful and critical of his contemporaries were found in the ranks of those who took umbrage at his coarse manners and ludicrous egotism.

Thus we arrive at the paradox that Hudson fell through his own faults—yet no one but a man with those faults could have carried through the work which he accomplished. England in the early 'forties was badly in need of a quickly built railway system, in order to complete her national capital equipment, and so enable her to take full advantage of the next twenty-five years, while other nations were laboriously struggling through a more primitive stage of their industrial development. Yet it was equally desirable that those railways should be constructed and administered on a regular plan, not left to haphazard and shortsighted local enterprise. Hudson came armed with a plan, learned in the school of Stephenson, partly evolved out of circumstances and his own experience. It was a plan for a giant monopoly, perhaps impossible in an age which worshipped *laissez-faire*. Yet he succeeded sufficiently to give the nation much of the benefit of a railway *system*, in place of a railway *anarchy*. This could never have been affected by a scrupulous, sensitive, unselfish man. The



A SPECIMEN OF HUDSON'S HANDWRITING

materials were only tractable in the hands of a titan whose code of morality was peculiar to himself, and whose one touchstone of conduct was success.

This interpretation of Hudson's character is borne out by psychological evidence. Dr. Robert Saudek, Europe's leading graphologist, has submitted Hudson's handwriting to analysis and has without previously knowing any of the details of Hudson's career sketched out a character which closely accords with what is deduced above from the facts. "Here is a man of tremendous temperament," pronounces Dr. Saudek, "Nervous, irritable, neurotic, and impatient—with himself as well as others—gifted with farsightedness, grasping things at a moment's notice, ever ready for combinations, and regrouping facts with creative originality. His temperament is so strong and his convictions so powerful, that as a personality he exercises a great influence on others, who are often prepared to follow his leadership without taking the trouble to examine his arguments. Even if they tried to do so, however, he would not allow them the time needed for quiet thought. He cannot help rushing people, for the simple reason that he is so quick himself, and becomes impatient the moment they stop the rapid flight of his ideas. Whilst a new plan is shaping in his mind, he knows exactly what he wants. But, thinking even quicker than he is able to speak, he lacks the capacity to make himself easily understood; and for this reason any order he may give is liable to be executed in the wrong way. He is prone to failure, because even his best ideas may be spoiled by inadequate execution on the part of his subordinates. Nervous and irritable, he is sometimes given over to despair when his best intentions meet with misunderstanding and his best plans with failures which are due to the mistakes of others rather than to his own. Some people might think that they had caught him at a lie, though he was quite sincere. As a matter of fact, *they* were unable to understand what he said, or *he* was unable precisely to articulate what he meant. Subjectively, he was honest; he was neither a schemer nor a fake.

But his very neurotic nature made it simply a matter of course that he appeared a dishonest man. Had he possessed a partner who could be almost pedantic in controlling the execution of all his orders; who could retard and check the rapid tempo of his thoughts; and who would allow him only to make the policy of his undertaking, but not direct the actual details; then he would have proved a great and almost sensational success. As it was, he could not but fail. He was half genius and half madman—a typical example of how a neurotic constitution can produce a quite exceptional brilliancy."

What the handwriting suggests *a priori*, historical investigation substantiates *a posteriori*. Hudson possessed the knack of mesmerising his audiences, and inducing them to swallow down wholesale the golden schemes he set before them. Those schemes were generally well conceived in themselves; but the agents whom he used to carry them out were often feeble creatures, so that much of the administration behind the scenes was tawdry, inefficient, and corrupt. Moreover, no one can read the story of his career without noticing, with amusement and even pity, Hudson's incorrigible tendency to quarrel with those with whom he had to do, over trivial questions turning on the meaning of words and phrases which he had used indistinctly. Again and again, we find reference to Hudson's incoherence of expression, his inability to make himself *wholly* understood, in spite of his curious facility for making himself *superficially* understood. At critical moments the tide of his fortunes turned against him because he could not achieve a lucid explanation of simple details. And so he was written down a common swindler—a verdict which posterity has taken on trust without appeal.

Whether he was something more—as perhaps were other fallen angels of finance in whose company he ranks—Law and Patterson, Jay Gould and Whittaker Wright, Jabez Balfour and Ivar Kreuger—the following pages will enable the reader to determine for himself.

CHAPTER II

# JUMPING THE COUNTER

## (1800–1839)

"Mak all t'railways cum t'York."
Early slogan of George Hudson

ON the evening of December 30, 1833, a small group of tradesmen were gathered together in the dingy back room of Mrs. Tomlinson's hotel at York. There were present two or three lawyers, several proprietors of small businesses, and a number of shopkeepers; while the promoters had induced a worthy coalmerchant named Meek, who was then Sheriff of York, to come forward and take the chair. The business of this meeting was to consider plans for bringing into York one of those newfangled railways about which there had been so much talk ever since the Liverpool and Manchester railway had made a successful start three years ago. Since that day schemes galore for lines in Yorkshire had been put forth—on paper; but now the South Yorkshire coalowners had come down to business, and had decided that it was worth their while to build a line from Leeds to Selby, with prospects of going on to Hull afterwards. There were steamboats running between Hull and London; so that some day South Yorkshire coal might come to be conveyed cheaply and swiftly by rail and sea to the giant market of the metropolis. This was the prospect that set the tradesmen of York thinking; they could see the benefits of handling cheap coal as well as anyone in the kingdom. Leeds and Sheffield might be growing apace with their forges and mills and collieries; but was it for nothing that the Romans had once made York their capital and military headquarters in the north? Strategically, as a centre for communications, the sleepy old cathedral city might be worth much yet.

No one would suppose it, though, to look at York in the early 'thirties. At this time she had still most of the characteristics of a quiet market town, almost wholly dependent for her prosperity on the surrounding farmers and on the patronage of the clergy and the leading county families. Business interests were few and on a small scale. Life was slow and monotonous. Tradition and convention ruled in every corner. For five months of every year the five musicians of the city waits perambulated the streets at night proclaiming the hour and weather. The bellman cried the city's announcements. The butterweighers, the surveyors and inspectors of the markets, the city steward, and many another petty official performed their sinecure functions under the rule of a lazy and venerable corporation, which left the real work of local government to a body of improvement commissioners, whilst it revelled in picturesque ceremony—processions with swordbearers and macebearers, civic dinners with loving cups and glees—or in profitable consumption of the revenue from town properties.

Yet the stagnant waters were stirring even in slothful York. Her twenty-five thousand inhabitants, cooped up in the unhealthy slums bounded by her old walls, were spreading outwards into newly built suburbs. Paving, widening, and lighting of roads with gas was beginning, and the visitations of cholera were forcing the town authorities to take their first cognisance of elementary sanitary precautions. There was progress in the air, and it was a sense of this that brought together these obscure and timorous tradesfolk on that winter evening to explore the possibility of linking their city to the great world outside by means of a new railway. It seemed a Utopian enough project—not merely to the gentry and farmers of East Yorkshire, who ignored the whole project, but to many of those who had come out of mere curiosity to hear what it was all about. Even the promoters of the meeting were not quite certain what they wanted. Some favoured a line to Selby; others—the majority—wanted a longer line to Leeds. Eventually the meeting appointed a

committee to work out a scheme for the latter; but what gave most confidence to the sceptics was not so much the resolution itself as the fact that a man of substance—a young man, whose name was beginning to be heard a good deal in York—was found willing to act as treasurer to the new project.

There was something remarkable about George Hudson, the young linen draper who owned the large rambling shop at the corner of College Street and Goodramgate, and had lately taken to living outside the city walls in a fine old Charles II house in Monkgate, with a garden large enough to accommodate a small deerpark which was a wonder to his friends and neighbours. It was the house of a rich man, and Hudson's rise to riches had been as rapid and nearly as romantic as Dick Whittington's. His father was a prosperous yeoman who farmed on the wolds at Howsham, a tiny village on the Derwent between York and Malton. George, his fifth son, was born in 1800, and was at first brought up with little education on the assumption that he would take to farming like his father. But the latter died suddenly when the boy was only nine, and the family had to make new plans in straitened circumstances. After a few years desultory schooling George was sent out into the world to make his fortune as best he could in trade. He left home at fifteen; but the years at Howsham had been the formative years, and had given the boy a taste for the land that he never forgot. All through the ups and downs of his giddy career, in politics and in transport, George Hudson remained at heart the farmer's boy, racy, of the soil, coarse-grained, and with a constitution tough as the roots of an old tree. And his outlook—even when the view was railways—was that of a shrewd peasant.

So he had come to York, bound apprentice to one William Bell, who owned the shop in College Street. Though boorish in manner, the lad was hard working and pushful; and by the end of his term he had become sufficiently valuable to his employers (Bell had by now taken to himself a partner named

Nicholson) to be offered permanent work, with the attraction of a small share in the profits of the business. Shortly afterwards, in 1821, he followed the fashion of traditional romance, by marrying into his employer's family. His wife, Elizabeth Nicholson, was the daughter of a solicitor, and five years his senior; she used to help in the College Street shop, and here, behind the counter, she was first courted by George. After the wedding they settled down to live on the premises, and before long William Bell went into retirement and the firm was renamed Nicholson and Hudson. Long afterwards, when he was an old man and near to death, Hudson looked back with regret to those quiet years of his youth, when he was still an unknown draper. "The happiest part of my life," he declared, "was when I stood behind the counter, and used the yard measure in my own shop. I had one of the biggest businesses in York, and turned over my thirty thousand a year, five and twenty per cent of it being profit!" These were the days when "his ambition was bounded by his counter, and his speculations were confined to silks, satins, and laces!" Both he and his partner acquired modest fortunes, but were otherwise of small account in the affairs of York.

Suddenly, in 1827, an event occurred which entirely changed the current of Hudson's life. A wealthy great-uncle of his, named Matthew Bottrill, died at the age of seventy and left practically the whole of his fortune, worth about £30,000, to his great-nephew. Bottrill made his will on his deathbed; and scandal was not slow to play with the fact that Hudson had been assiduous in his attendance on the old man during his last hours. But the will was uncontested, and thus at a stroke Hudson became one of the richest men in York. Towards the end of his life he used to declare "with infinite cheerfulness and good temper that 'it was the very worst thing that had ever happened to me. It led me on into railways, and to all my misfortunes since.' " So he thought in retrospect; but at the time the legacy looked very different. The Hudsons at once moved into larger premises in Monkgate, where in due

course were born to them three sons, George, John, and William, and a girl, Anne—all of whom grew up to maturity. Moreover, the £30,000 at once began to irrigate the field of Hudson's ambitions; the shop fell gradually into the background, and Hudson began to interest himself in more important forms of business and in politics. In his early days he had attended, and preached at, Methodist meetings. Now he put Methodism—and all other unorthodoxy—behind him, and sought to enter public life and high society as a pillar of the Church and an unimpeachable Conservative.

The events of that stormy year, 1832, gave him the opening he sought. During the riotous scenes that surrounded the passage of the Reform Bill, when Toryism was divided and at its lowest ebb, Hudson ostentatiously stood forth as a "diehard," was howled down on the hustings, and had his windows broken by the mob. He also brought himself into notoriety the same summer in a very different cause. York, in common with the other insanitary slum-ridden towns of England, was stricken with a visitation of cholera which caused nearly two hundred deaths. To meet this emergency the almost defenceless city secured a reorganisation of her local Board of Health, formerly set up by the Privy Council. New members—amongst whom was Hudson—were added, for the purpose of infusing new vigour into its administration; but such vigour was apparent more in their squabbles among themselves than in their measures on behalf of the cholera victims. A farcical feud broke out between the Board, which was largely Tory in composition, and the York City Council, which was largely Whig, over the site of a new burial-ground and its consecration by the Archbishop. Hudson threw himself with vigour into this feud, and soon distinguished himself above the other members of the Board by the crudity and obstinacy of his partisanship. Immediately after this debut on the Board of Health he plunged more openly into the political arena. During the autumn of 1832, there took place the first general election after the passing of the Reform Act. The



HUDSON'S SHOP IN COLLEGE STREET, YORK

AS IT IS TO-DAY AS IT WAS IN THE 1840's

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opportunity was too good to be missed; and Hudson thrust himself forward in the counsels of the dispirited York Tories, offering them his services as organiser and—what was more important in a constituency traditionally and notoriously venal—his purse. He soon became treasurer of the party; and a wealthy baronet, Sir John Lowther of Swillington Park, was induced to finance the candidature of his young son, John Henry Lowther, for the seat. Despite Lord Althorp's recent Act prohibiting electoral bribery, money was spent like water to buy votes for Lowther; but in vain—the Whig tide was still flowing at the flood. Hudson, however, had gained what he wanted—recognition as a party leader, the firm friendship of young Lowther, and the patronage of his father.

The young linen draper was now becoming known as a public figure in York; moreover, alongside of his political notoriety, he was rapidly building up a reputation for enterprise in business. First he had dabbled a little in speculative imports of foreign grain during the operation of Wellington's sliding-scale of import duties on corn; but he was not very successful here, and almost burned his fingers over the transaction. Then, in the spring of 1833, he suddenly turned his attention to promoting in York a bank—one of the new type of joint-stock banking companies which had been recognised as legal seven years previously. At first such banks might only be formed in the provinces; but in 1833 the Government and the Bank of England together agreed to let them be formed in London too. At once Hudson and his friends in York saw their opportunity, and on May Day the York Union Banking Company opened its doors, with a capital of half a million pounds, and deposits from Sir John Lowther and other wealthy men. Relations were quickly opened up with one of the best known banks in London, Glyn's; and since Glyn the banker was also chairman and chief promoter of the London and Birmingham Railway and other lines, the York Union Bank came in handy for financing the various railway speculations in which Hudson was soon to interest himself.

Such had been the early career of this confident young man up to the time when he allowed himself to be nominated Treasurer of the Railway Committee at the meeting at Mrs. Tomlinson's Hotel at the end of 1833. From the onset he treated the whole scheme more seriously than his colleagues. He took up most of the few hundred shares that were offered for subscription at the meeting; he secured a famous engineer, Rennie, to make a preliminary survey of the country between York and Leeds; and he himself accompanied the surveyors everywhere they went, making personal contact with the owners of land adjacent to the proposed route, and smoothing away their objections to a line. Thus he began to gain a practical insight into the business of railway making.

Rennie's report was ready for the committee early in 1834; but it came as something of a "damper," for he recommended, on grounds of economy, that the motive-power used on the line should be horses rather than locomotives. The project, then, had dwindled to little more than a scheme for a glorified tramway; when suddenly developments occurred which gave it altogether a new orientation. During the summer Hudson went on a visit to the little seaport of Whitby, where lay some of the property left him by Bottrill. And by chance there came to Whitby at the same moment the great George Stephenson, father of railways, who had somehow been persuaded to interest himself in a modest horse tramway by which the townsfolk were seeking to connect up their port with the inland market town of Pickering. Hudson was introduced to Stephenson by some of the Whitby tradesmen; and from the moment of meeting the two men took to each other and struck up a firm friendship. "Old George" was then in the full flow of his career; he had built the Stockton and Darlington Railway, and had followed this up by still greater success with the Liverpool and Manchester Railway. His prestige in the north of England was firmly established, though he was not yet fully appreciated in the south. But his influence went far beyond the mere surveying and con-

structing of lines, or the designing and building of engines. He, almost alone among engineers, had prophetic visions of the great trunk lines of the future; and these visions were just such as might fire the imagination of Hudson, and give



PORTRAIT OF HUDSON AS A YOUNG MAN
*Illustrated London News*, 1845

his energy something definite to work upon. The genius of Hudson lay in the promotion of schemes, that of Stephenson in their conception and subsequent execution. And the friendship between the two provided the former with just

that practical backing, and that prestige arising from past achievement, without which he could hardly have gained the ear of the investing public for his financial operations and manipulations.

It was indeed at a curiously opportune moment that these two so dissimilar, yet complementary, geniuses had come together. For in 1834 the English railway system was about to experience one of its periodic spasms of feverish expansions; the country was on the eve of an outburst of railway speculation. The first of these outbursts had taken place after the successful opening of the Stockton and Darlington Railway in 1825; ten years passed, with a trough of disillusionment and stagnation, and a second and higher wave of speculation rose in 1835; and finally, there was yet to come the third and greatest—the "Railway Mania" of 1845. On each occasion the same symptoms were repeated—an increase of optimism concerning the future of railways, a sudden maturing of schemes, and then a ruthless elimination, by competition, of the weakest or "less fit" of these schemes, leaving a residuum of additions to the country's railway mileage.

The belated opening in 1830 of the Liverpool and Manchester Railway was almost the only substantial fruit of the initial outburst of enterprise in 1825; and thereafter, on the strength of the prestige which he had gained there, George Stephenson interested himself in schemes for short lengths of line in the Midlands, designed as links in a great chain of communication between north and south. To Stephenson it seemed axiomatic that the main railway artery from London to the north should run through the Midlands into Lancashire or Yorkshire; for such an artery would connect up the principal pre-railway centres of industry—pottery, hardware, coal, and textiles. Consequently as soon as the London and Birmingham Railway was begun, he started planning a trunk route running from Rugby or Birmingham up to his own home city, Newcastle, ultimately to continue along the east coast into Scotland. It was a grand conception—and to carry it out

Stephenson began to build railways through the Midlands up to Leeds; but Hudson led him to change his plan and make York, not Leeds, the pivot of his north-eastern route.

It is somewhat strange that neither of these men, with their origin on the land and their deep-rooted love of farming, put faith in making railways the servant of agriculture. The eastern counties of England, which grew so much of the country's food, badly needed quick and cheap access to the markets of London and the industrial north. But though the gradients were easy, the towns were small and scattered, and most railwaymen of the time believed it would only pay to build where there were many towns. Stephenson, at any rate, would have nothing to do with railway building in the eastern counties, and Hudson, when the choice was put to him, preferred to follow Stephenson's star.

Nevertheless, for a time the York Railway Committee found itself in doubt upon this very matter. For in the new outburst of enterprise many schemes for making railways in eastern England were mooted; and no less than three distinct groups of promoters, each with its own plan for constructing a main line direct between London and York, came forward to canvass for support from the York Committee. Thus embarrassingly wooed, the Committee decided to mark time until it could see which, if any, of the three could raise London capital to deserve serious consideration.

During this temporary lull in railway matters Hudson found time to advance his own political importance and notoriety. In the autumn of 1834 the first Reformed Parliament was dissolved, and the general election which followed gave Hudson his chance to retrieve the defeat which his party had suffered in 1832. Armed with Sir John Lowther's deposits in the York Union Bank, and supported by his close friend and solicitor, James Richardson, who acted as Tory Agent, he set to work on behalf of the candidature of young John Henry Lowther. Over £2,000 was officially spent before the poll, and a further £1,000 afterwards to reward those

who had voted Tory. Lowther's election for one of the two York seats was thus secured, but two election petitions, one from the discomfited Whigs, the other from the York Quakers and non-party citizens, were lodged against the bribery which had been employed by the Tories. In August 1835 Hudson and over sixty prominent citizens of York were summoned to London to testify before the Commons Committee on Election Petitions; and there Hudson, as party treasurer, was cross-examined for two whole days, and driven to make a number of damaging admissions. The Tories had undoubtedly been guilty of gross bribery; but the Whigs were also convicted of organised intimidation by gangs of rowdies at the hustings and polling booths. So nothing definite came of the York Election Petition except the general discredit of local political life. But the episode at least shows us where Hudson derived his preliminary training in the art of financial chicanery. And as he returned to York a hero to his fellow-Tories, and was soon afterwards admitted into the best county society for his true-blue loyalty, he could not but deduce that irregularity with money in a good cause was but a venial offence among gentlemen.

Moreover, before the end of that year he had gained yet another step up the ladder to success. During 1835 the Whigs carried a drastic measure for the reform of local government in the towns, the Municipal Corporations Act, which replaced the old nominated or "close" corporations by councils elected by the ratepayers. In accordance with this Act, York Corporation was dissolved on Christmas Eve, and elections held on Boxing Day under the new system. The old Corporation had been predominantly Whig, and though the Tories made great efforts, the Whigs retained a small majority on the new Council. But Hudson secured election for Monk Ward, the district in which his house was situated; and was subsequently appointed one of the twelve aldermen. It was not long before he began to show himself more active and influential than ever in the city's affairs.

In the meantime, during the autumn of 1835, the York Railway Committee had resolved the puzzle which had confronted them for over a year. On October 13th the Lord Mayor presided over a public meeting in the Guildhall at which the rival promoters of the scheme for a York to London Railway, with their friends, sought to find favour for one or other of their schemes. An influential deputation from Doncaster, headed by its richest citizen, Edmund Beckett Denison, even came to York to interview Hudson and urge him to help bring a line to their town. But Hudson had already made up his own mind, which was to follow Stephenson at all cost—and to this end he intervened in the meeting at the crucial moment and carried the tide of opinion with him.

Already Stephenson had persuaded the York projectors (contrary to Rennie's advice) that they must use locomotive engines, and not horses, on their line. Now he let them know that he had completed his own plans for building two new lines right through the Midlands, one from Derby by the hilly country to Leeds, to be called the North Midland, the other from Rugby to Derby, called the Midland Counties Railway. He had secured the backing, not only of the Derbyshire and Notts coalowners, but of a group of rich capitalists from Liverpool, and success was assured. But the significance of these new lines was that they promised, at no short date, to open up through communication between Leeds and London. Hudson, indeed, as soon as he heard of the plan, went straight to Stephenson and begged him to make the terminus of his North Midland line York and not Leeds ("Mak all t'railways cum t'York," he pleaded in his broad Doric); but Stephenson, who had fixed notions about the maximum gradients of his lines, refused to be drawn into the slightest deviation from his original route. Still, if the mountain would not, or could not, come to Mahomet, what was there to prevent Mahomet taking a step to the mountain? Hudson returned to his friends at York with the suggestion that their little railway, instead of playing about with visions of a direct

railway between York and London, should boldly connect up with Stephenson's new line somewhere about Normanton.

This suggestion appealed strongly to the Guildhall meeting; and the new project quickly took shape and name as the York and North Midland Railway. It was the old story once more; the bird in the hand was thought worth more than two in the bush. The idea of a direct line to London through the eastern counties was now discarded as Utopian; while that for a shorter line linking York to the North Midland line was accepted as obvious common sense. For thus, reflected the York promoters, they could enlist Stephenson's help as their engineer, and make use of his prestige in the raising of their capital. Further, York would become the pivot of any future extension of railways to the north-east which he might plan. And, as if to prove the soundness of Hudson's strategy, within a few weeks of the Guildhall meeting the news reached York that a group of promoters inspired by the Quaker capitalists of the Stockton and Darlington line had met in Newcastle and resolved to build a line between that city and York, to be called the Great North of England Railway; before long the two groups had made contact and arranged to collaborate.

Now that matters had come to a head in this way, Hudson rapidly took the lead and threw himself wholeheartedly into the work. First of all, the York Railway Committee had to be transformed into the Provisional Committee of the York and North Midland Railway Company, with Hudson as its treasurer, James Richardson its solicitor, and one of Stephenson's assistants its engineer. Then a survey of the line had to be made, and a Bill drafted for introduction in Parliament. Next a capital—at first fixed at £300,000—had to be raised; and since the Yorkshire landowners proved indifferent to the scheme, a group of London capitalists had to be induced to come in and add their weight. Finally, a little boosting of the £50 shares began, to put the supporters of the company in good heart for the approaching campaign. By the spring of 1836 the shares became for the first time the subject of specula-

tion, the premium offered ranging as high as £4 on a £50 share, only £1 of which had yet been called up.

The first York and North Midland Bill, carefully shepherded at every stage by the York M.P.s, especially Hudson's friend Lowther, enjoyed a comparatively easy passage through Parliament. Hudson spent much time during the spring on a deputation in London smoothing over a few difficulties that had arisen; but by August the new company was able to hold its first formal meeting, register the shares, and elect a board of directors. Sir John Simpson, the Lord Mayor, topped the poll, but second only by a single vote came Hudson; whilst James Richardson, Alderman Meek, Robert Davies the Town Clerk, and Richard Nicholson, Hudson's brother-in-law, all found places upon the list. Afterwards Hudson was chosen by the directors to be their chairman, and an elderly friend of his, George Baker, was appointed secretary. Early in September Stephenson staked out the first few miles of the line, and cheerfully prophesied that the whole would be completed in eighteen months.

But the prophesy was over-optimistic. It soon transpired that Hudson, in order to push the York and North Midland Bill through the House of Lords, had made promises to an obstructive peer, Lord Howden (who owned some of the land on the proposed route), which he afterwards tried to evade. An amending Bill was introduced into Parliament, litigation followed, with long-drawn-out appeals from Court to Court, till the company gave way in disgust and paid Lord Howden the £5,000 which he claimed. It was the first and only occasion on which Hudson allowed himself to be over-reached; and he never forgot his lesson.

At last, in April 1837, Hudson was able to set the contractors to work upon the line itself, which was to run from York to cross the Leeds-Selby line at South Milford, and thence on to reach the North Midland at Altofts. As the contractors imported their Irish navvies, and the company's stock rose, so Hudson's prestige in York grew apace. For some time past

he had been steadily consolidating his influence on the York Council, where he showed himself an unsparing advocate for public parsimony—in strong contrast with the lavish provision he made for private hospitality and charity. One day he would demonstrate the former by securing the cutting down of some petty official's salary; the next he would ostentatiously display the latter by heading a subscription list opened on behalf of the suffering poor. Thus he gained a reputation for efficiency and benevolence combined.

All these activities pointed in one direction. Hudson, the benefactor of York—by charities, by railways, by economy, by staunch Toryism—was worthy to be chosen the city's Lord Mayor. By the autumn of 1837 the York Tories had made sufficient progress at the local elections to command a majority of the Council, and thereupon they hastened to secure his unopposed nomination. The Whigs certainly grumbled at Hudson on the score of his known and violent partisanship in politics, but admitted that "his hospitality is proverbial, and we believe him calculated to be a popular Lord Mayor." "Hospitality" was indeed to be the keynote of Hudson's mayorality.

For the new Lord Mayor seemed to see in his term of office a grand opportunity to feast his way into the hearts of his fellow-citizens, and to drown all discord and opposition in champagne and sherry. First came the usual inaugural Civic Banquet, celebrated with a mighty flow of wines, the singing of glees, and the passage of the city's gold loving-cup. Soon the guests learned to recognise the huge pair of gold-plated wine-coolers which Lowther had presented to Hudson in return for his political services, and which the latter proudly displayed as a kind of mascot. This modest beginning was the rehearsal for a Trimalchian festivity in March 1838—a dismal moment for the York poor, when times were bad, starvation was abroad, and Feargus O'Connor and the Chartists had begun to play their agitator's tricks. A ball for eight hundred guests was held at the Mansion House, with supper afterwards

in the Guildhall. The latter presented a spectacle of barbaric glory. "The large, antique baronial hall, venerable, grave, and picturesque in its gothic taste, was illuminated by innumerable gaslights arranged in various devices, the whole fitted up for the occasion at great expense and with excellent taste and judgment. The first object that struck the eye was a brilliant design in gaslight beneath the roof displaying a large imperial crown in the centre, and the letters V.R. in characters of about three feet high. The effect of these was increased by the profusion of evergreens tastefully arranged. Over the entrance, gaslights were displayed in fanciful and pleasing devices, with evergreens. Pendant gaslights were also hung between the two rows of pillars on each side. On the front of the boxes fixed at the upper end of the hall, for the holding of the Court of Session, etc., was a verdant screen of large and flourishing greenhouse plants, and another similar forest appeared under the large painted window above the Civic chair." Such was the splendour of the age of gas! There were seven tables, "all richly laden with most sumptuous delicacies," and fifty-two silver dishes, not to mention a quantity of plate and the Lord Mayor's now famous wine-coolers. "We have never witnessed," solemnly declared the *York Herald*, "so splendid an entertainment in this city, on any previous occasion whatever."

Hardly had the stir created by this display died down than fresh opportunities for hospitality were seen to arise. On the Queen's birthday in May, Hudson had the whole front of the Mansion House illuminated with gas-flares—to the delight of dense crowds of citizens who blocked the narrow streets of the city in all directions—and still more to the delight, no doubt, of the York Union Gas Light Company which, a week after the illuminations, hastened to elect Hudson to its board of directors! Next, on the Queen's Coronation Day, on June 28th, he organised and provided a huge civic procession and beanfeast, at which over 14,000 children and adults were presented with free meal tickets. Then in July

the legal dignitaries at the Assizes, and in September the Archbishop of York and his clergy, were treated to "sumptuous" banquets; finally, in October, came a "grand ball" in honour of the York Hussars, who formed the garrison of the city.

All these junketings produced one unmistakable result—never had there been a Lord Mayor of York so popular among the tradesmen and shopkeepers of the city. The thought of losing him and returning to the humdrum patronage of some less openhanded city father was not to be borne. Therefore the York Tories determined to nominate him for a second term of office and, riding roughshod over the protests of the Liberal opposition, they forced through his election by so manipulating the business of the York Council as to evade the technical difficulty that only an alderman could be elected Mayor, and that Hudson's term of office as alderman expired simultaneously with the expiry of his mayoralty. The chicanery employed to overcome this difficulty proved successful, but only at the cost of raising up a determined and permanent hostility to Hudson and all his ways among a section of the Liberals. Henceforth it was war to the knife between them and the future despot of York.

Hudson's second term of office as Lord Mayor was marked, like his first, by banquets and balls, but public attention was diverted to a new and more imposing spectacle; it was during this year that the long-promised York and North-Midland Railway was to be opened. For some time the project had seemed to languish in the doldrums. Construction proceeded with irritating slowness and frequent delays; some of the shareholders lost heart; the value of the shares sagged; and ugly rumours were afloat to the effect that the whole scheme was "a gambling speculation delayed to suit the share market." Hudson was too taken up with mayoral hospitality to give adequate time to the railway; and he admitted that the original survey of the line had been too hastily prepared, and had to be revised at several places where it was found faulty.

But throughout all these troubles the directors of the York and North Midland Company possessed one trump card, which they played with almost monotonous repetition—that was, to quote on every occasion Stephenson's name and opinions as evidence of the soundness of their railway. At one half-yearly meeting after another the shareholders were reminded that Stephenson had promised that the line would be the cheapest ever constructed in England, that he had himself invested over £20,000 in the company's shares and induced his friends to do likewise, that he was prepared to guarantee the soundness of the route chosen and of the permanent way laid—and so forth. Even the Quaker element among the shareholders, already somewhat suspicious of Hudson and his ways, was lulled into patience by this skilful publicity; and at last, during the winter of 1838–39, the work itself began to progress with sufficient rapidity to satisfy all criticism. With the consent of York Council a tunnel was built under the ancient city ramparts, and a piece of ground inside bought for a station site. Early in April 1839 the first engine arrived from Stephenson's factory at Newcastle, and was christened "The Lowther," and given a trial run. Then in May the permanent way as far as South Milford (on the Leeds and Selby line) was finished, and the directors announced that the opening ceremony would take place on the 29th.

And so the great day arrived. Epic poetry, we are told, belongs to the heroic age, and has no place in modern industrial civilisation. This may be so; but surely a touch of the epic spirit inspired the provincial journalist of the Victorian era, when he sought to find "winged words" to describe the deeds of those giants who scaled Olympus by railway, and opened up his poor little home to the outside world, at a reckless speed of thirty or forty miles an hour. The *Yorkshire Gazette* gave twelve and a half columns of its tiny print to the never-to-be-forgotten ceremony, written by a young reporter, J. L. Foster, who later became its editor, and remained

to the day of his death one of Hudson's warmest admirers and closest friends.

"A cloudless sky of an azure more deep than is often seen above our misty atmosphere," he began, "and a sign of intense brightness and warmth, might have belonged to a Southern clime, but that a gentle breeze from the N.E. of refreshing coolness, preserved the temperature at such a point as to prevent the lassitude and enervation which are felt under a too sultry day." Thus the elements themselves conspired in favour of May 29th. And all York recognised the solemnity of the occasion. The cathedral bells were rung, flags were hoisted, and "every sight, every sound, every movement, seemed to bespeak a holiday; even the sulky booming of the cannon on the river had a gladsome interpretation."

The first business of the day was eating. A gargantuan breakfast arranged at the Mansion House by the directors of the York and North Midland Company was consumed by a large crowd of distinguished guests whom they had invited for the trial trip. Then, after a short speech by Hudson, they all moved off in a procession of carriages to the station, "a very spacious erection standing on iron pillars of great height" and located, by a curious coincidence, near Thief Lane. The four hundred passengers next packed themselves into the train, which consisted of two engines and nineteen carriages. The railway staff, dressed in neat green uniform, had beforehand carefully swept the rails along the whole line, to remove all impediments. And now, amid breathless excitement, a bell was rung, and the heroic driver of the front engine (appropriately named Nelson) blew upon his whistle and started the train in motion. Then, lo and behold, at seven minutes past one exactly, "the huge snake-like body was seen making way with an imperceptibly accelerating speed, and, stealing away under the broad arch of the Holdgate Lane bridge, was soon lost to the sight of the crowds who thronged the station, the adjacent bar-walls, and the ramparts, while the

gay travellers experienced the exciting sensation of the gradually increasing swiftness, till they were borne along with



VIEWS OF YORK OLD RAILWAY STATION

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the speed of a race-horse past the admiring spectators, that still for many a mile thronged both sides of the line."

The journey to South Milford having been accomplished, the passengers descended and inspected the line, then climbed back into their carriages and were whirled back to York at a dizzy speed of some twenty miles an hour. Then, the real hard work of the day being over, they all fell to eating a second time. Two immense dinners had been spread, one for the smaller fry—clerks, engineers, inspectors, and so forth—at an inn; the other at the Guildhall. At the latter place two hundred gentlemen began to dine at half-past four and rose at ten. There, resplendent in their glory, sat the two heroes of the day, George Hudson presiding, with George Stephenson at his right hand. An endless round of toasts and speeches began, and Hudson was lyrical in praise of the great engineer. "If ever there was a man who deserved to be held up to the public approbation of the whole world, that man is Mr. Stephenson. . . . He has brought us through our difficulties, and when doubts were entertained as to this railway being a profitable investment, he has said: 'I know the York and North Midland Railway will be a good concern—buy me some shares.' The effect of this we all know." Stephenson replied with musings and moralisings upon his own career. Striking a note that must have been sympathetic to Hudson, he reminded his audience how he had commenced his career as a ploughboy, and had been sent to work at eight years of age. He still retained, he confided to them, his taste for the plough: "The fact is," he added, "I am going to end my days as a farmer."

Then the Mayor of Hull proposed Hudson's health, and succeeding speakers dwelt lovingly on the prospects of the future. They already saw, in their minds' eye, that from their own little link would spread forth a great chain of railway from London, through York, to Edinburgh. As Meek declared, "London will be the head, Edinburgh the feet, and York the heart. I hope that the head will never be affected with apoplexy, nor the feet with gout, and that York will continue sound at the heart." Prophetic utterance, yet not perceiving that the

heart might pump the blood that caused apoplexy at the head! At the end of the speeches the company drank the health of Robert Stephenson, Old George's son, and then streamed across from the Guildhall back into the State Room of the Mansion House, where the Lady Mayoress led off "a large party of fashionables" in a dance that continued till four in the morning.

Thus men celebrated railways in our forefathers' golden days.

CHAPTER III

# THE FIRST ANNEXATIONS
## (1839–1843)

"See from his den the monster roll.
Now quick, now slow, without control
He seems to move, bent upon evil,
A docile fiend, or half-tamed devil."

Lines by a schoolboy on the opening of the York and North Midland Railway

THE opening of York's tiny railway, after six long years of hard work, was a solid piece of achievement, standing to Hudson's credit and lifting him at once out of the ruck of the many promoters of petty railway schemes which were talked about but never came to fruition. Yet though his prestige now stood high in York, his methods both of business and politics had raised him up many enemies. Even in the counsels of the York and North Midland Company, his ascendancy by no means went unchallenged. For the non-conformist element among the shareholders, especially the Quakers, were deeply suspicious of his handling of the company's finances; while a quarrel over the running of Sunday trains led to the resignation of Meek and others of the company's officials. And these differences in business morals were aggravated by political differences. Hudson's second term of office as Mayor, far from reconciling his critics, had made them implacably hostile to him. He had no scruples in showing extreme partisanship, sometimes affronting the local Liberals by omitting to invite them to his receptions and banquets, and again using his power as magistrate to disallow Liberal objections to Tory voters in the registration court.

As a consequence of all this, his exit from the Mayoral

office in November 1839 took place in a turmoil of controversy. The Tories on the Council re-elected him Alderman and voted the thanks of the city to him for his civic services; but the Liberals poured a tirade of criticism on his head. Thus Sir John Simpson, his predecessor in office and his colleague on the York and North Midland board, complained that he had been deliberately excluded from civic functions. Another Alderman said that Hudson had insulted him on the steps of the Council Chamber. And a young Radical solicitor, Councillor George Leeman, expressed the delight of his constituents that Hudson was now leaving office, and taunted the Conservatives with bowing down before the golden calf of his wealth and worshipping it.

Throughout this onslaught Hudson had kept silent and let his enemies have their head; but when a division had been taken, and the vote of thanks carried by a large majority, at last he sprang to his feet in a white heat of fury and delivered a ferocious counter-attack. He denounced his critics as "actuated by a littleness of feeling which, when exhibited in its deformed state, as it has been this day, is disgraceful." He described them as toadies who touted for meals and invitations, resorted to backbiting, and invented conversations which never occurred. Naturally his fellow-Tories were delighted with this "nervous, eloquent, and justly indignant speech," and regarded him as having won a complete victory. The *Yorkshire Gazette*, indeed, voiced this feeling in language reminiscent of the style of the more vindictive prophets of the Old Testament. "Away, then, ye yelping curs, slink to your kennels, and there bark and howl in secret. But show not your teeth again in the face of day, for fear of the beadle's whip. The castigation you have received will not speedily be forgotten; you have got your deserts, you have received your dues, you have been severely, awfully, unsparingly punished. You bearded the lion in his den, and he has torn you to pieces."

Hudson's enemies, however, were not silenced, and through-

out the winter a running fight of allusions and reprisals was kept up, culminating in a disgraceful scene in February at a public dinner, where Hudson and the Recorder of York, a Liberal named Elsley, disputed over the right to reply to the toast of "The Aldermen of York." Elsley had denied that Hudson was the senior alderman present, and the latter, in his cups, shouted out that Elsley, "with the audacity that belongs to his ignorance," had insulted him. Amid growing uproar, the truculent Recorder retorted with a sneer about "men who get their living by the yard-wand." At this point the brass band gallantly intervened, and struck up a tune to drown the rest of his speech; but the confusion grew worse confounded, some of the guests took to pelting each other with mats and rugs off the floor of the hotel, and finally Hudson and Elsley were noted by the reporters to be arranging "a fistic combat" in St. Helen's Square—of which, however, they thought better when more sober.

On the other hand, every fresh outburst of hostility to Hudson seemed all the more to endear him to his admirers, some of whom determined to show their esteem by raising a public subscription, and presenting him with a testimonial. The subscription list was opened at an auspicious moment, for early in 1840 the first actual dividend of 21s. was paid on each of the £50 York and North Midland shares (£30 paid); as the shares had stood at a premium of £10 apiece ever since the opening in the previous May, the shareholders were in a mood to be generous to their chairman. Within a couple of months nearly £700 had been subscribed towards his testimonial.

During the summer which followed his prestige rose steadily higher, as more railways were opened and the importance of the York and North Midland increased. A year's hard work had been put in upon the second half of the latter —its southern section running from South Milford to Altofts near Normanton. And simultaneously the North Midland, Stephenson's favourite line, was also nearing completion. Its

works were of a formidable and expensive character; it passed through a rich mining district, in which it opened up many valuable coalfields; and it formed an essential link in the great main line of communication between London and Edinburgh upon which Stephenson had set his heart. He himself had bought a house near the line at Chesterfield, and invested some of his earnings in Clay Cross colliery nearby, believing that the line would help him to serve the London market with coal.

The "grand opening" of the whole North Midland line was staged on June 30, 1840. This occasion saw the completion not only of the North Midland and the York and North Midland, but also of the third and final portion of the Midland Counties Railway, between Leicester and Rugby. From York to Normanton, from Normanton to Derby, from Derby to Rugby, and from Rugby to London—there would then run an uninterrupted line 217 miles long, which would convey the passenger from York to London in no more than ten—and some dared to forecast nine, or even eight—hours' travel. Four such trains would run each way daily, and in the course of twenty-four hours no less than thirty trains (passenger and goods) would snort in and out of "Old Ebor," in place of the dozen or so stage coaches of a few years back. Well might the poet-journalist, with Sophoclean pride, celebrate the traveller who

> "On iron roads (o'er levell'd hills convey'd,
> Through blasted rocks, or tunell'd mountains made)
> By steam propell'd, pursues his rapid way
> And ends ere noon, what erst employ'd the day."

For were not these the men whose grandfathers could remember the time when London was not a forenoon, but four whole days' journey away?

Hudson rode with Stephenson upon the special train that steamed from York to Derby, and back to Leeds to celebrate the opening of the North Midland; and on the following day

he was off to attend another similar ceremony, the opening of the little Hull and Selby Railway. Ever since the Leeds and Selby line had been opened in 1836, a company had been at work upon an extension eastward to Hull. Not only was Hull the principal port for trade with the Baltic, but it was estimated that one-fifth of the exports of the whole country passed through its docks every year. Moreover, steamships plied between Hull and London, and a small company was maintaining a service of steam-tugs up the Humber to Selby, to fetch coal from the South Yorkshire pits. It was obvious to Hudson, therefore, that the Hull and Selby Railway was worth watching on behalf of York interests.

In the meantime, however, he had no intention of sitting still whilst others were up and doing. Less than three weeks after these ceremonies the York and North Midland Company held its first annual meeting since the opening of the Northern portion of its line. The presence of George Stephenson was a sign that "something was up," and after the secretary's report had been read, Hudson gave the shareholders a glimpse of the ambitious plans he was harbouring. There were two branch lines which had long been favourite projects of Stephenson—one to Pickering to connect York with Whitby, the other to Scarborough. Both Hudson and Stephenson had a peculiar tenderness for these two coast-towns. Hudson, who possessed property at Whitby, believed in the possibility of its development as a seaside resort; whilst he considered that Scarborough, sometimes contemptuously spoken of as "a little fishing village," was destined to become "the Brighton of the North." Also a line from York to Scarborough would run through a rich agricultural district, and past his own birthplace, Howsham. Therefore he urged the York and North Midland shareholders to look ahead to the future, take the initiative now, and grant £500 out of their profits for a survey of the proposed routes to Scarborough and Whitby.

The grant was approved with unanimity, but not before a Quaker, Joseph Rowntree, had expressed some doubt con-

cerning the vagueness with which Hudson habitually related the estimated to the actual expenses of work under his management. He might well have alluded to the muddled character of the unaudited "statement of accounts" which the secretary, Baker, had just laid before the meeting. This comprised, first, a kind of capital account from the beginning of the enterprise down to June 1840; and secondly, a statement of "receipts and payments" for the current half-year only, from January 1st to June 30, 1840. The muddled character of the former can be deduced from the expenditure column, in which debenture interest, salaries, allowances to directors and payments to police all figure as items alongside of purchase of rolling stock, rails, timber, and land. Rowntree, however, asked only for accurate estimates, not for lucid and rational accounts. The fact was, the meeting terminated rather abruptly, in order to allow its Chairman to hurry off to attend a ceremony of another kind—the presentation of the long-incubated testimonial from his political friends. Every art that Victorian craftsmanship could exercise was lavished upon the £700 piece of plate which was now handed over to Hudson. It comprised "a silver centre-piece and candelabrum with six massive branches, disposed in two circles around a richly ornamented vase for fruit or flowers; and the centre stem consists of very richly chased foliage, with bold turnover, and wreaths of oak and laurel, and is surrounded by three figures, representing Justice with the scales and sword, Truth with the Bible and mirror, and Civic Hospitality with the cornucopia and the palm branch—the whole resting on a very bold triangular-shaped base, with the British lion and oak branches." The inscription upon it paid fulsome tribute to Hudson's zeal for the public welfare and impartiality as a magistrate.

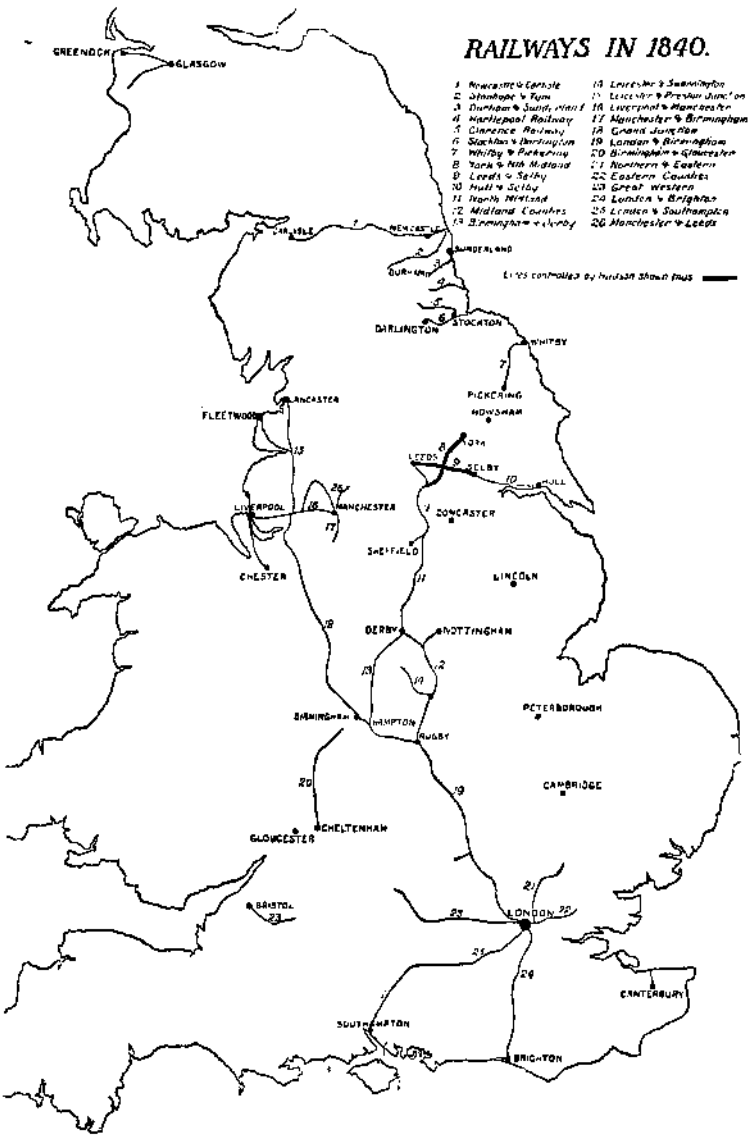
Hudson's followers now knew that their leader planned to give the York and North Midland Railway far more than merely local significance—it was to play its part in the creation of a grandiose system of railways on a national scale. But this made it all the more important that no rivals or possible rivals

should be tolerated in the immediate neighbourhood of York. Accordingly, Hudson's next move was a sudden swoop upon the little Leeds and Selby Railway, which had been the forerunner and instigator of the York and North Midland.

By the summer of 1840, Hudson had decided that the Leeds and Selby was becoming a dangerous rival to his own concern. In June there had been opened the first portion of a new line between Manchester and Leeds; and Hudson could foresee a risk that, in a few years' time, there might be four railways linking up Liverpool to Hull (the Liverpool and Manchester, Manchester and Leeds, Leeds and Selby, and Hull and Selby) which would have a common interest in co-operating and perhaps taking all east-to-west traffic away from the York and North Midland. Moreover, there were signs that the North Midland Railway intended to book traffic to Hull from the Midlands and South across the Leeds and Selby line instead of across the southern section of the York and North Midland.

Hudson weighed up the possibility of competing with the Leeds and Selby for the favour of the North Midland, and guessed that this would spell ruinous undercutting of fares and rates. He had no mind to play at this kind of game. Instead, he planned a master-stroke; he approached the directors of the Leeds and Selby Company and invited them to state the terms on which they would lease the whole of their line to him and his company for a period of years, with the option of purchase at any time. The terms proposed in reply were stiff—a guarantee of 5 per cent dividend on the company's capital so long as the lease lasted or until the option to purchase was exercised. But Hudson had no hesitation; acting for the first time on the advice of Robert Stephenson, "Old George's" son, he accepted the offer and secured its speedy ratification by both companies. Thus, almost before the travelling public were aware of what was going on, the Leeds and Selby line changed hands, and on November 9th was closed to passenger traffic—all passengers booking from

# *The First Annexations*




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Leeds to Selby, Hull or York, having to go the long way round by the York and North Midland.

Hudson would have liked to annex the Hull and Selby Railway at the same time; but its directors stood out, believing that they had found a profitable monopoly of their own to exploit, in the traffic to Hull for which the other companies were contending. But though he could not buy them out, Hudson quickly pricked the bubble of their monopoly by buying up with his own purse and restarting the steam-tug service between Hull and Selby which the coming of the railway was supposed to have rendered obsolete.

One setback only occurred to mar the triumph of this first *sortie* from York. Hardly had the Leeds-Selby line gone silent, hardly had the puffing tugs begun to teach the Hull and Selby directors their lesson, than an awkward incident brought discredit on the management of the York and North Midland line. On the night of November 11th a goods train crashed into the rear of a passenger train standing at the junction between the York and Leeds-Selby lines, and killed outright two passengers. This accident occasioned a great deal of unfavourable, and even bitter, comment in the local Press all over Yorkshire. Criticism was directed against Hudson's weakest spot—his passion for economy in working expenses, at the risk of inefficiency. The accident was due to the employment of an elderly engine-driver with defective sight; and the *Halifax Guardian* seized upon this fact to denounce "those whose grasping cupidity allows their own aggrandisement to supersede the necessity of carefully watching and directing their servants, or of studying the comfort and protection of the public."

This event seems to have galvanised into activity the anti-Hudson party at York, which had lain quiet all that summer. Hudson was in the throes of a fresh quarrel with Elsley, the Recorder of York, about the expense of maintaining the town gaol, which the former sought to reduce below what the latter considered safe. Much to the astonishment of local opinion,

the learned Recorder seized upon the opportunity afforded by his charge to the Grand Jury at the Sessions at York in January 1841, to deliver a long tirade against Hudson who, he declared, "held an undivided sovereignty and dominion over all ranks and denominations in the city of York." The complaint did not have the effect its author intended; for the power thus publicly ascribed to Hudson by the judge rather enhanced than diminished his influence.

Another trial of strength between the opposing forces soon followed. The York and North Midland Company sought powers from Parliament to improve the access to its station in Tanner Row by building a new bridge across the Ouse into Lendal, and past St. Leonard's Place (where the York Union Bank had its office) up to the Minster and the heart of the city. This most desirable project was disliked by the owners of the existing ferry across the river at this point, and also by the shopkeepers and ground landlords of Micklegate and Ousegate, near the old Ouse Bridge. The enemies of Hudson, headed by the implacable George Leeman, stirred up an agitation against the Bill for the new bridge, and finally induced Parliament to insert a clause compelling the railway company to build a new street from the station to Micklegate. Hudson refused to accept the condition, and the whole scheme dropped. It was not till near the close of his career that he took up the subject again, and York had to wait over twenty years for her new bridge at Lendal.

But whatever loss of prestige Hudson may have suffered from these setbacks was more than made good at the half-yearly meeting of the York and North Midland Company in January 1840, when a dividend was declared making a total for the year of nearly 6 per cent, and George Stephenson was elected to the board of directors. There were, however, one or two awkward questions asked by shareholders who found it difficult to make head or tail of the very odd accounts which were presented to them with the secretary's report. Mr. Hudson had such a strange way of charging to capital

account items that the ordinary man would have expected to see paid out of current revenue—clothing for railway police, wood sleepers, insurance, coke, and even interest on debentures! One of the dissatisfied shareholders even made the awkward suggestion that it might be wise to insert in their next Parliamentary Bill a clause appointing professional auditors, as was commonly done with banks and insurance companies. Auditors . . . the very thought took Hudson's breath away! "This is the first time," he lowered, "I ever heard such a suggestion in a meeting of railway projectors." The accounts, he went on, were always audited by the directors themselves. Did anyone doubt these worthy gentlemen? More, were not the books always open for every shareholder to inspect for himself, and did they wish to hand over this important function to paid hirelings?

Here was an argument that silenced all murmurs, and the discussion soon petered out with Joseph Rowntree warning his fellows against losing their valuable privileges, and reiterating the slogan, "Every shareholder an auditor." Indeed, it was hard to be critical, for before this pleasant meeting the shares of the York and North Midland Railway stood at a premium of £17, after it of £24—a capital appreciation of 14 per cent in less than a month. Not bad for a beginning!

The York and North Midland Railway presented a striking contrast, in point of speed of construction, cheapness of outlay, and early profits, to its next door neighbour, the Great North of England Railway. The latter had been projected at the very time when the York Railway Committee had made up its mind to follow George Stephenson's lead; but every kind of trouble had intervened to delay its opening, which did not take place till the spring of 1841. The prime movers behind the Great North of England scheme were a group of Quakers headed by Joseph Pease, who had played a leading part in founding the Stockton and Darlington Railway. As soon as they saw a prospect of a railway being built to join the North Midland line to York, they had deter-

mined to build a further main line to the north, to run from York up to Darlington and Newcastle. This was the original extent of the Great North of England line, to construct which a capital of a million pounds was subscribed. But the route from York to Newcastle divided itself into two halves, one easy, the other very difficult to deal with. The southern portion of the route, between Darlington and York, ran through flat country where there were no existing railways to cause complications. But the northern portion, between Darlington and Newcastle, not only lay across more hilly country, but passed through territory already covered by a network of short lines originally constructed to carry coal from various inland Durham pits down to the sea. These lines (the Stockton and Darlington, the Clarence, the Durham and Sunderland, the Brandling Junction, the Durham Junction, and the Stanhope and Tyne Railways) ran mostly from east to west, but the new trunk line was to run from south to north, and its promoters would therefore have to conciliate or override many vested interests by the way.

At the outset the Stockton and Darlington Group planned to keep the exploitation of this project entirely under their own control; and Hudson's hands were too full at the time for him to contemplate meddling. However, the Great North of England Railway did not prosper; the construction of the line proceeded with disappointing slowness, and the Company's engineer failed to construct adequate bridges, so that the directors had to beseech Robert Stephenson to come to their rescue and put the finishing touches to their railway. Stephenson then became their engineer, but upon his own terms—which included a strong recommendation to the Company to drop all thought of proceeding further with the second and northern half of the project, the line between Darlington and Newcastle. More lay behind this caution than appeared upon the surface; for Robert Stephenson's own private affairs stood at the moment in a highly precarious position. He was deeply involved in the impending bankruptcy

of the Stanhope and Tyne Railway, of which he was chief shareholder; and when at the end of 1840 he succeeded in reorganising the railway under a new name (the Pontop and South Shields Company) he found that the assets of the new company included a bundle of shares in the neighbouring Durham Junction Railway. Thus Robert Stephenson had now a double interest in any plan to build a line northward from Darlington through the colliery districts round Durham and Newcastle; and he was prepared to ally himself with Hudson if the latter could successfully invade and annex the territory hitherto controlled by the Stockton and Darlington group.

On March 30, 1841—"a day of great bustle and unsettlement," as old Edward Pease noted in his diary—the weary directors of the Great North of England Company, after encountering untold difficulties and disappointments, opened their 45 miles of line from York to Darlington to passenger traffic. "It is sweet," pronounced their Chairman with Lucretian mellowness, induced by the many bumpers of champagne quaffed at the inaugural banquet, "It is sweet to speak in the language of enjoyment, instead of that of anticipation. . . . No person but a railway director ever tasted the full relish of this cup. Where indeed is the railway director who has not been called upon to tell the shareholders that their works will be completed and their line opened on a certain day, and when the blank day of blank arrives, nothing but a blank presents itself?" Toast after toast followed this speech. "All railways," sapiently prognosticated Hudson, "are as yet in their infancy, and day after day, week after week, and month after month, they will go on increasing their resources." "Yes, truly," re-echoed one Oxley, a director of the Great North of England Company, "nothing, *next to religion*, is of so much importance as a ready communication."

A sense of elation, almost of ecstasy, is noticeable in the speeches made at this gathering, as though great decisions

were impending. Indeed, but a few days previously the special commission of the Board of Trade, appointed two years before to inquire into the question of railway communication between England and Scotland, had issued its long-awaited report. At that time—save in the minds of a few visionaries like George Stephenson—the very notion of through railway connection with Scotland appeared staggering; and it was agreed to be in the highest degree unlikely, and even undesirable, that more than one line should be built. But up which coast—the east or the west—ought this one line to run? The Commission admitted that in theory the eastern route, up the Great North Road to Edinburgh, was the shorter of the two. But as there was no prospect of a direct London-York railway, whilst on the contrary the London to Birmingham Railway and the Grand Junction Railway had already been built and reached together as far as Liverpool, the Commission recommended that the west coast route, via Lancaster and Carlisle to Glasgow, should be preferred to the east coast route. However, the Report went on to add that if delay should occur in completing the vital portion of the west coast route between Lancaster and Carlisle (which lay through difficult country), then the west coast projectors ought to give way and leave the field clear for their east coast rivals. Such an ambiguous recommendation was tantamount to an incitement to the most determined and immediate rivalry between the two parties.

Thus petty jealousies in the north-east were for the moment hushed, and all eyes were turned on the one man who, it was rumoured, had a plan for uniting all interests and forging the next link of line, between Darlington and Newcastle, in the shortest possible time. The Great North of England Company frankly admitted its inability to do so; it had spent all its available capital, and the depressed conditions of trade were unpropitious for raising any more. Hudson, however, had a plan—a plan which involved the co-operation of railways on a scale never before attempted. He unfolded it in two stages,

first showing how the line might be built, and subsequently, how it might be financed. The first stage he explained to a meeting in April 1841, of deputations from eight different companies all interested in the east coast route to Edinburgh —including the York and North Midland, North Midland, Midland Counties, and Great North of England Companies. He proposed to build a new line from Darlington as far north as Thrislington, South of Durham; and from there to hire the existing lines of the Durham Junction, Brandling Junction, and Pontop and South Shields Railways, thus completing the route to Gateshead without any new construction. Needless to say, this proposition appealed strongly to the companies affected, as well as to Robert Stephenson; whilst everyone was pleased at the saving of capital outlay which the scheme envisaged.

Four months later the representatives of the eight companies met again at York to hear how Hudson proposed to solve the problem of finance. His speech on that occasion must have been one of the triumphs of his career, to judge from the impression it made on one of his hearers—Clayton, the Town Clerk of Newcastle. "We all came here," confessed Clayton, "with gloomy countenances. . . . We went into the room without at all seeing our way through the night which beset us. This was the first occasion on which I saw my friend Mr. Hudson. . . . The room was full. . . . All eyes were turned upon my friend, as a quarter from which light would spring upon us. He rose, and did not disappoint us. . . . He spoke for less than half an hour, but he explained the whole in a most clear and intelligible manner."

Hudson's plan was simple but audacious. Since it was hopeless to expect the large sum of money they required (half a million pounds) to be subscribed in the open market, some special inducement must be held out to subscribing capitalists. He proposed that the eight companies should offer shares in the new railway to their own shareholders; that they should jointly guarantee the interest or dividend

(at 6 per cent) on these shares; and that they should jointly own and administer the new railway, when built, and recoup themselves out of its earnings for their guarantee. The ingenuity of his proposal took away the breath of his audience. "When he had finished speaking," according to Clayton, "no man added one word—no man attempted to controvert a proposition he had made. The light seemed to have suddenly broke upon us. We all saw our way. We saw that the thing would be achieved and achieved soon; and we returned to our homes comfortable and happy."

There remained the task of securing ratification of the scheme from the shareholders of the eight participating companies. In the case of at least three, the Midland Counties, North Midland, and Manchester and Leeds, strong opposition was anticipated from those shareholders who belonged to Liverpool, and who were not likely tamely to submit to seeing their capital used to finance a rival to their own pet west coast route scheme. But Hudson, who attended every meeting in person, overwhelmed all opposition by the vehemence of his manner, "more nearly resembling a tornado than a common storm," as a hostile critic put it. Partly by threats, partly by cajolings, he induced every one of the constituent bodies to accept his scheme. Then, even before the ratifications were complete, he called a meeting of the Provisional Committee of the new company—which took the title of the Newcastle and Darlington Junction Railway—and secured simultaneously his own election as its chairman and the subscribing of the necessary share capital.

So far all had gone well for Hudson; but now the first serious obstacle appeared. The directors of the Stockton and Darlington Company suddenly awoke to the fact that Hudson's success in floating his Newcastle and Darlington project meant a line which would be largely independent of their influence. To counter this they offered him the use of five miles of their own line to serve as the first and southernmost portion of the new railway; and when, on Robert Stephenson's

advice, he rejected the overture, they determined upon open hostility to the whole project.

A campaign in the Press to vilify Hudson was their first line of attack. They induced a leading Darlington resident, Captain Watts, to address a series of "open" letters to the *Railway Times* during the winter of 1841–2, which were masterpieces of invective. Hudson was accused of glorying in his own unscrupulousness. Some time after the recent Midland Counties and North Midland shareholders' meetings, Watts had run across Hudson at York Station, "crowing like a cock upon his own dunghill in the full plenitude of his tumultuary and noisy powers." The two men immediately fell foul of each other. "Here is Mr. Hudson," wrote Watts, "voluntarily addressing me at a public station in the voice of a Stentor, and with the publicity of a common crier, in terms of exaltation at carrying his point against me at the North Midland meeting. And when I state that my main objection to the measure arises from its being a violation of principle, his rejoinder is, 'Pooh, pooh, we don't mind principle in matters of business!' Where there is shame there may still be virtue; but the man who boldly derides the observance of principle in the concerns of life, can lay no claim to it, and shall never lead nor daunt me into acquiescence." Waxing more and more sarcastic at the expense of this "empiric in speculation," this "Boanerges or Jupiter Tonans of the North," as he dubbed him, Watts went on to denounce the Newcastle and Darlington Junction scheme "as an abortion, with a crooked back and a crooked snout, conceived in cupidity and begotten in fraud."

Such attacks, instigated by the Stockton and Darlington directors, had merely the effect of hardening Hudson in his obstinacy. He was now more than ever secure in the almost slavish devotion of the York and North Midland shareholders, whose rate of dividend he had raised to 10 per cent, at a time when trade was depressed and most other railway companies doing badly. So when, in the spring of 1842, the Bill authorising

the construction of the new railway came to be introduced into Parliament, he felt strong enough to slam the door upon any possible compromise with the Stockton and Darlington directors by deliberately introducing a clause binding the Newcastle and Darlington Company to complete the southernmost portion of its new line first. Naturally, the Stockton and Darlington directors left no stone unturned to defeat a measure so hostile to their claims. But Hudson had taken the right measure of the situation. In the Commons, they had opposed the Bill indirectly, through agents; but when it reached the Lords, they came out into the open and asked to be allowed to give evidence against the Bill—only to be told that they had no *locus standi* to oppose at all, and could not be heard in argument.

During this perilous stage of the proceedings, Hudson spent much of his time in London, watching over the Bill's progress, and also assisting Robert Stephenson to steer through his own Bill for reconstructing the Stanhope and Tyne Railway. The two men were thus thrown into close alliance, and together acquired proficiency in the arts of lobbying and committee management. Robert Stephenson had little of the geniality and unpretentious simplicity of his father; he belonged to a harsher, more selfish type, which despised the very class from which it had sprung; but like his father he could not avoid falling under the influence of his domineering and self-confident friend, Hudson. Conditions in the committee rooms of the House at Westminster, says Robert Stephenson's biographer, Jeaffreson, exactly suited Hudson's genius. He found there "throngs of men, eager, grasping, shrewd, and unscrupulous, but lacking the nerve and definite purpose which are necessary for commercial gambling. He saw, in fact, an army without a commander, yet sorely wanting one. Delicacy and fine tact would have stood in Hudson's way. The leading characteristics requisite for a chief over such men, battling and struggling on a new field of enterprise without organisation, are imperious temper, shrewd selfishness,

and fierce bulldog resolution to overcome every antagonist. These qualities George Hudson possessed in an eminent degree, as well as a natural force of intellect beyond that of the inferior set of ordinary men."

One obstacle to the Newcastle-Darlington Junction scheme had now been cleared out of the way; but suddenly there arose a second formidable foe in Hudson's path. The Dean and Chapter of Durham owned large estates traversed by the route which Robert Stephenson had selected for the new railway. And from the early days of railways they had taken up an extortionate attitude towards projectors who wished to buy or lease their land, demanding the payment of a perpetual "wayleave" in addition to the purchase price. Once the Newcastle and Darlington Bill had become law, and the time had come for buying the land, the Dean and Chapter embodied their fancied claims in the form of a substantial premium on the price. The greed of the ecclesiastical authorities seems almost incredible. The Great North of England Company had originally paid £9,000 for the fifty acres involved, but later—on finding it impossible to construct its line north of Darlington—had resold it untouched to the Dean and Chapter for £1,300. Now, when the Newcastle and Darlington Junction Company wished to buy the land back again, £12,000 was demanded, including £5,000 for "wayleave" and nearly £3,000 for "damage by severance."

Respectful as Hudson always was towards the Church, he was not prepared to be blackmailed in this way. A less confident business man would have compromised the dispute; but Hudson was as adamant in face of the Dean and Chapter as he had been in face of the Stockton and Darlington directors. He took the question before the Sheriff's Court at Gateshead, and persuaded the jury to award the Dean and Chapter no more than £3,500 for their land. Thus Hudson conclusively showed "the vanity of the idea that 'Church and State' could interpose to stay great industrial undertakings."

Now at last the way to the north was becoming clearer.

The Act for the Newcastle and Darlington line had been obtained in June 1842, and early in October the first general meeting of shareholders in the new company was held at York. In optimistic mood Hudson pledged himself to get the line opened within two years, and forecast that it would prove to be a second York and North Midland in earning capacity. He then secured the appointment of his own nominees to all the important offices in the company. To the secretaryship was appointed John Close, who had begun his career as an apprentice in Hudson's shop in College Street, whence he had progressed to a petty clerkship at £70 a year in one of the railway offices. Later Hudson took a fancy to him and made him his private secretary, in which capacity, combined with the secretaryship of the Newcastle and Darlington Junction Company, he occupied a key position in the system which Hudson was erecting. By 1848 he had become secretary to several other railway companies, and was enjoying a salary of £1,200 a year. Naturally, as he owed everything to Hudson, Close was entirely subservient to his patron. Another important office in the Newcastle and Darlington Company, the treasurership, went to Hudson's brother-in-law and partner, Richard Nicholson—who a fortnight after this meeting was elected Sheriff of York.

Having thus secured complete control of the company, Hudson had the satisfaction of seeing the work of building the new line go forward quickly and smoothly during the winter of 1842–3. Meanwhile, the York and North Midland continued to pay a regular 10 per cent dividend, in spite of the prevailing trade depression. Receipts had increased, and money put away to reserve. In his speech to the shareholders at the beginning of 1843, Hudson "could not refrain from congratulating them as well as himself, upon the successful results of the last half-year, when all other railways—not even excepting the greatest of all railways, the London and Birmingham—had experienced a large diminution of income." This time there was no one to answer him back, or pick holes

in his accounts. All no doubt agreed with the *Yorkshire Gazette's* description of their chairman as "probably the most perfect pattern of what a railway director should be," and of their railway as "now, beyond any doubt, the best conducted of any line in the kingdom."

CHAPTER IV

# "CORINTHIAN BRASS"

## (1841–1843)

> "You find a dying railway: you say to it, live, blossom anew with scrip; and it lives, and blossoms into umbrageous flowery scrip, to enrich with golden apples, surpassing those of the Hesperides, the hungry souls of men. Diviner miracle what God ever did?"
>
> Carlyle, *Latter-Day Pamphlets*

ON February 26, 1841, at the half-yearly meeting of the North Midland Company, the name of George Hudson was proposed for election to the board of directors, "but he immediately declined the honour." He was too busy watching the nascent Great North of England Railway, and preparing for his swoop down upon the Newcastle and Darlington route, to give much time to the affairs of his southern neighbour. But the North Midland was labouring heavily in the trough of depression; its dividend had been passed; and the discontented shareholders had begun to demand that economies should be introduced in the working of the line.

Why had the North Midland, with all the prestige of George Stephenson behind it, fared so badly in comparison with Hudson's own line, the York and North Midland? For one reason, because it had paid nearly twice as much per acre for its land as the latter. Then the construction of the line had been fabulously expensive, and its maintenance was also proving costly. Over three and a quarter million pounds of capital had been spent, and not enough revenue could be earned to pay dividends on so large a stock.

At the outset the company was under the chairmanship of the banker George Carr Glyn, with whom Hudson was on very friendly terms. Glyn's bank held the London agency of

the York Union Bank; and during 1841 Hudson and Glyn were working in close co-operation in establishing the first Railway Clearing House, which affected the five railways between London and York, and eliminated a fruitful source of misunderstanding, delay, and waste of energy between them. But at the time when Hudson was first invited to join the Board, a reorganisation took place, which resulted in the moving of the company's headquarters from London to Derby, and the election of a new chairman, William Newton, who lived at Derby. For a little while affairs went more smoothly, and then the shareholders, still baulked of dividends, began to grumble again. The lead was taken by two wealthy Liverpool merchants, J. T. Alston and P. W. Brancker, who endeavoured to secure election to the board of directors. Glyn and the London shareholders, however, were in favour of giving the new chairman and his colleagues a chance to make good their promises of drastic retrenchment in the company's management; and Hudson, with his friends from York, discreetly threw his weight into the same scale.

This took place early in 1842, but it was not long before trouble was again brewing. The new officers seemed unable or unwilling to introduce the desired reforms; and a new insurgent movement, drawing its inspiration from Sheffield, sprang up to force their hand. The alliance between Yorkshire and Lancashire was now too formidable to be resisted any longer; and when, after a long war of circulars, the expected trial of strength took place at the end of August 1842, Alston, Brancker, and their allies succeeded in carrying a proposal setting up a Committee of Inquiry composed of seven shareholders. Five of the seven nominated were Yorkshiremen, and one of these was Hudson.

His chance to exert a decisive influence on the company's fortunes had now arrived. His authority as chairman of a neighbouring railway which was among the few prosperous lines at the moment, stood high in any case; but it was reinforced by his superiority, in detailed knowledge of railway

administration, over his fellow-committeemen. Hudson was no mere financier, no promoter of or shareholder in a railway of whose working he remained ignorant. On the contrary, he was now to reap the fruits of the knowledge he had gained from the tramps he had shared with Rennie and George Stephenson in surveying for the York and North Midland, and from the constant attention he had paid to the buildings, rolling-stock, and staffing of that railway. So it came about that, as time went on, Alston and Brancker fell more into the background, whilst Hudson emerged more into the foreground of the picture.

The Committee of Inquiry, under Hudson's leadership, made rapid progress. Within a week it had examined the principal servants in every department of the railway, and visited every station along the line. Then it produced, almost as if ready-made, a long list of economies which fairly startled local opinion in Derby. The working expenses of the line were to be cut at a stroke from £44,000 to £27,000 a year, by what the *Yorkshire Gazette* called a "reduction of extravagant salaries and the discharge of unnecessary officers whom the love of patronage or an ignorance of their duties has induced the directors to appoint." But it was all very well for this band of outsiders from the north to step in and recommend sweeping wage reductions and dismissals in this way. The directors, many of them (including their chairman) residents in Derby, were loth to incure the unpopularity of throwing employees out of work, especially at a moment when Chartist agitation was flaring up and provoking strikes and riots in every industrial centre. Accordingly, a bitter warfare of words broke out between the two parties, Hudson being "the special mark at which all the shafts that malice and envy could invent were directed." The directors issued a memorandum declaring that the economies proposed—especially the drastic reductions in staff in the locomotive department—would impair public safety on the line. But they weakened their own case by proffering to the shareholders a scheme of modified economies

of their own, whereby they proposed to effect a saving of £11,000, as against the £17,000 demanded by the committee.

Public opinion seemed to be on the side of the directors. Thus a correspondent of the *Railway Times* pointed out that overcapitalisation was the real ailment from which the line was suffering. "Can butter be extracted from a dog's throat?" he asked, implying that the shareholders should cut their losses and write down their capital. And he went on to deplore the proposed wage reductions, declaring that "on their line we are personally acquainted with worthy characters of many years' railway practice, bearing a heavy responsibility, treating the concern as their own, toiling fourteen successive hours per day for seven days a week with scarcely any intermission, and spending the prime of their life for remuneration which, on an average with time, is scarcely equal to the pay of a bricklayer's labourer. Should such men suffer further, or is it policy to goad the animal constitution to extremes, and treat them worse than galley slaves?" To this impressive plea was added the testimony of the destined victims themselves, a group of North Midland Railway workers, who wrote through the pen of "A Late Servant of the Company" a letter to a Derby paper protesting against the proposed dismissals.

But the effect of all this criticism was merely to irritate the majority of the shareholders. At the special meeting called in November at Leeds to receive the report of the Committee of Inquiry, the directors found themselves facing a packed and hostile audience of several hundreds, including a full contingent of Hudson's personal friends and supporters from York. All pretence of accommodation was now put aside, and fiery speeches were made demanding the removal of the directors and the "total dismissal of the whole of the men" who were tainted with "anarchy and confusion." Feebly the chairman, Newton, pleaded against the wage reductions and dismissals; he strongly disliked the idea of bringing in men from the north at inferior wages—which was what the Committee of Inquiry had recommended.

But now Hudson felt the psychological moment for intervention had come. Angry and uncouth, he felt stimulated by the rounds of applause which his rising drew. Then he struck direct to the heart of the matter—the wage reductions—and poured forth an array of figures to overwhelm the directors. Compare the York and North Midland with the North Midland rates of pay. "The servants of the York and North Midland Railway have less wages than are paid to the servants under this Company, but they are as efficient and active as the servants on any other line. . . . The servants of the York and North Midland are as happy and contented as any class of workmen can be." Why, he could get fitters and smiths for 3s. 9d. a day, instead of 4s. 4d. paid on the North Midland! He could get an engine-driver to work 13 hours a day for 5s. 6d.! Why shouldn't the North Midland get good men just as cheaply?

Item by item Hudson went grimly through the company's expenses, showing where the Committee of Inquiry's recommendations would produce the desired economies; and when at last he sat down, a babel of voices was at once heard, from shareholders moving all kinds of fiery resolutions in favour of his plans. After a long wrangle the meeting broke up, apparently in high dudgeon because no very clear decision had been registered. But within a week the "imbecile directory," as the *Yorkshire Gazette* termed them, gave way to the revolutionaries. Six of the old Board resigned, and their places were taken by Hudson and five other members of the committee; and it was understood that Newton and the rest of the old directors would retire at the next half-yearly meeting. Hudson had led his legions to victory, and control of the North Midland line had passed into his hands.

With dæmonic energy he set forth upon his self-imposed task of "cleansing the Augean stable." His first step was to replace the secretary of the company with a creature of his own, one Peter Clarke, a former manager of the Leeds and Selby Railway. The new secretary was instructed to post up

within a week notices to the staff of the railway of an all-round reduction in wages and salaries. At the same time sweeping administrative economies were introduced; and Hudson's favourite plan of employing boys instead of men to work the points at junctions on the line was given a trial.

The first sign of opposition to the new régime came from the engine-drivers and firemen of the North Midland, who were threatened with the loss of their privilege of being paid not only for working days, but also for certain rest days on which their trains were taken out by supernumeraries. They sent in a remonstrance to the directors, but received no reply. Instead, Hudson seized the opportunity to teach the men a lesson. Without giving the usual week's notice, the directors suddenly paid off on Christmas Eve every driver and fireman who had protested against the proposed reductions, and "with great spirit and decision" introduced in their stead "a number of skilled and practised drivers from other lines," chiefly the York and North Midland. This sharp practice was at once denounced by the *Railway Times*, which deplored the "screwing system" of "reducing the wages of inferior servants to starvation point."

It was a pretty Christmas and New Year service that the North Midland line ran that year! Among the new men engaged to take the place of the dismissed engine-drivers were a stonemason, a plate-layer, a fireman, two unemployed drivers discharged from their previous posts for drunkenness, and another discharged for carelessly overturning thirty waggons off an embankment. The first train that ran from Leeds to Derby on Christmas Day arrived 2½ hours late; and the growing disorganisation of the service that followed was only prevented from culminating in complete deadlock by the frantic personal exertions of Cabrey, the York and North Midland engineer, whom Hudson called in to the rescue. Continual breakdowns and engine troubles occurred. Naturally the spirit of the railway servants, whether dismissed or retained, was bitterly hostile to the directors.

Hudson declared that the men resorted to sabotage; a guard, he said, had deliberately jammed on his brakes when going uphill; oatmeal had been put into the engines to spoil them; someone had tried to set fire to the station at Derby; and several of the new drivers had been intimidated into leaving their work.

Complaints in the Press that "the North Midland directors are quite callous about property and life" suddenly swelled into a crescendo of wrath, when, on the snowy and foggy night of January 12th, a luggage train which was four hours behind its time crashed into the rear of a stationary passenger train at Cudworth, near Barnsley, and killed a commercial traveller in the latter. The inquest, two days later, brought out damning evidence of the risks which Hudson's system of management involved; for the driver of the luggage train turned out to have had only three weeks' experience in driving an engine. He was, of course, committed by the coroner for manslaughter; but the jury, which subsequently acquitted him, directed its censure against Hudson and his fellow-directors for employing an inefficient and inadequate staff upon the line. Truly, as *The Times* solemnly warned its readers, "Woe be to the unfortunate passengers when a Board of Directors begin to calculate how many policemen they can save between Derby and Sheffield, or how much they can put into their pockets by contracting for second-rate, instead of first-rate, materials for carriages, rails, and engines"—and, be it added, men!

Public opinion was once more incensed against Hudson's reckless economy, and many people declared that they would not in future travel by a line so unsafe as the North Midland. So high did feeling run that the Board of Trade soon after the inquest issued a letter to the North Midland directors, warning them that they had compromised the safety of the public by their measures, and had better take steps immediately to restore their line to its previous state of efficiency. Not even Hudson could disregard such an injunction; so the engine-

drivers were once more given a rest day once a week, and some of the most incompetent of the newly engaged men were replaced. The drivers who had been dismissed in December also forced the Company by law to pay them their due of a week's pay in lieu of notice. The sum which this involved would, it was remarked, have enabled the Company to keep on all its former experienced hands another year, and so have saved it the extra expense incurred, as well as the loss of life!

The double-edged nature of the weapon of economy was now realised by Hudson, whose main concern was to avoid the exposure of his inability to perform all he had promised the shareholders. First, then, he came to terms with the former enemies on the North Midland board, pacifying the weak Newton by offering to leave him undisturbed in his chairmanship. The condition was that Hudson should be left in unchallenged control of the finance and management of the line. What this meant became apparent before many weeks were past. "Strange rumours have reached us," wrote the *Railway Times* in March, "of the course which events are taking at Derby. If heretofore their (N.M.R.) establishment suffered from plethora, it is now likely to die of inanition. Along with all that was bad and redundant, has been swept away nearly all that was good and useful; and a mushroom management has sprung up instead, which seems to have all the rankness of the parent soil. Office after office has been abolished, check after check has been abandoned, accounts have been voted useless, and a rapid concentration of all offices, including the directional functions, is taking place in the person of one individual." The careful accounting, the accurate returns, and the systematic costing that Glyn, with his banker's experience, had introduced when the company was first formed, were now all abruptly jettisoned. "A great authority at the Board, greater far than the poor puppet who sits in the chair, boasts that he will have no statistics—no comparative returns, no 'useless' classification of receipts

and expenditure—and verily he appears to be in a fair way of accomplishing his ends. The new secretary, too, appears to be an apt instrument in the hands of his patron." "We believe Mr. Clarke acts in his official capacity much upon the same principle as those simplicity-loving tradesmen who contemn the complexity of book-keeping, and regulate their debtor and creditor accounts by the comparative contents of their right-hand and left-hand breeches pockets. . . . 'I will have no statistics on my railway,' bawls Mr. Peter Clarke's patron; and Mr. Clarke is nothing loath to carry his patron's orders into effect."

By encouraging this careless keeping of accounts, Hudson greatly simplified his own task of presenting a favourable balance sheet to the shareholders at their next half-yearly meeting. But the control of the North Midland gave him also a valuable pawn in his own ambitious game of railway strategy. He was now aiming far beyond the manipulation of one or two individual short lines. Already he was planning a scheme which was to stagger Government and set tongues wagging about "the Railway Napoleon" and "the *ne plus ultra* of railway diplomacy"—nothing less than the amalgamation into one big company of the North Midland, the Midland Counties, and the Birmingham and Derby Junction Railways. These three railways, enjoying a common centre at Derby, formed on the map roughly the shape of an inverted Y, the North Midland being the stem and the other two the branches, whose tips touched the London and Birmingham Railway at Rugby and Hampton respectively. All three railways had been begun during the boom of 1836–7, and all three had been over-capitalised and wastefully constructed. Two of the three were engaged in bitter rivalry. The Birmingham and Derby Junction, when it was opened in 1839, afforded the only through route for passengers between Derby and London, taking them via Hampton. But a year later the Midland Counties was completed, providing an alternative route, eleven miles shorter, between Derby and London, via Rugby.

For some time fare-cutting competition prevailed between the two companies, of which the Birmingham and Derby Junction had naturally the worst.

Each, however, was losing money, and paying scanty dividends out of capital; and in both cases the shareholders, growing restive, began to demand investigation of the accounts and reduction in working expenses. In the Midland Counties Railway a situation then arose much resembling that which had given Hudson his first chance to interfere with the North Midland. Dicey, the chairman, found his policy and authority challenged by a group of Liverpool shareholders; and to stave off this attack he called in the help of two Leicestershire coal-owners, John Ellis and Samuel Waters, who were opposed to the Liverpool influence. It was on Feburary 14, 1843, that Hudson first took a hand in the internal politics of the Midland Counties Company. "With cautious and plausible words, a long array of figures, and a face of Corinthian brass, he walked right into the thick of the quarrel, the self-constituted arbiter of the matter at issue." He made no serious attempt here to back the Liverpool demands for retrenchment in the Company's management; for the Board of Trade had already warned the Midland Counties Railway that it would not countenance wage reductions on the scale adopted on the North Midland. Instead, Hudson pointedly directed the attention of the shareholders to the alternative of amalgamation with the Birmingham and Derby Junction Railway.

The possibility of solving the impasse by some form of amalgamation—a notion which had originated with Robert Stephenson—had already received consideration more than once. During January 1843, the directors of the two companies had even gone so far as to meet and discuss terms; but the rock upon which these negotiations foundered was the question of capital valuation. For the Birmingham and Derby directors wanted to take current market prices, the Midland Counties directors future earning capacity, as the basis for this valuation. At the February meeting Hudson pressed the Midland Counties

shareholders to take a bold line, imitate the enterprise of the York and North Midland, and go for amalgamation, even at some apparent financial sacrifice to themselves. But though he won some support, the opinion of Dicey, who believed that the Midland Counties Railway held the trump cards and was bound to win if matters came to a renewal of competition, prevailed. After that there remained nothing but war to the knife with the Birmingham and Derby Junction Railway.

The shares of the two companies had lost over a quarter of their market value during the preceding year. Nevertheless, both railways now proceeded to act on the principle that people who have nothing have nothing to lose, and therefore engaged in "the delightful pastime of slitting each others' throats, or pockets, which is the same thing." The first-class fare from London to Derby via Hampton was reduced to 28s. at the beginning of April. As the London and Birmingham Company took 27s. of this for the journey as far as Hampton, it followed that the Birmingham and Derby Company was content to receive 1s. for transporting the passenger the remaining thirty-eight miles to Derby! It was even rumoured that the company was going to carry its infatuation to the length of taking the London traffic for *nothing* at all. As the *Yorkshire Gazette* sarcastically remarked, "there remains only one step to finish the contest, and that is to pay passengers for the trouble of travelling."

At last the long-suffering shareholders began to break out into open revolt—as Hudson, no doubt, had calculated that they should. The mutterings of discontent were first heard in the railway Press, where correspondents wrote complaining that "the chairmen of the two companies have sadly mismanaged the matter between them," and that Dicey might have offered better terms to the Birmingham and Derby Company. From this it was but a step to suggest that a triple amalgamation, with the North Midland taking the lead, was the best that could be hoped for. On the other side, however, there were voices raised disputing the right of the North Midland to

interfere in a quarrel which was none of its concern. This "monkey who sits in arbitration between the contending cats, nibbling the cheese of both," was suspected of harbouring designs of its own. Therefore "the two competing lines ought to settle their own differences before committing themselves to amalgamation." This was the policy recommended by Dicey, the chairman of the Midland Counties Board, and adhered to throughout the stormy times that followed. It was an honest, but selfish, policy. He knew that the fare-cutting competition was hitting the Birmingham and Derby Railway three times as hard as his own, and expected to force the matter to eventual negotiation on his own terms.

But behind the scenes, events were taking a very different course. Hudson had no sooner considered the question of amalgamation than he saw that the Birmingham and Derby Railway, as the weakest of the three participants, held the key to the whole situation. If that railway could be won over to the side of the North Midland, between them they could squeeze the Midland Counties into submission. Accordingly, without saying a word to the latter, Hudson, with three of his colleagues, carried on during the summer of 1843 a secret negotiation with the Birmingham and Derby Board, as a result of which a complete scheme covering all three railways was worked out. By this scheme the companies were to amalgamate on a basis of equal rating of the North Midland and Midland Counties stock, while the Birmingham and Derby shareholders were to receive after the amalgamation a somewhat smaller dividend on each share than the others. But in case the Midland Counties refused to accede to this plan, then it was provided in a draft agreement that the North Midland Company should take a lease of the Birmingham and Derby Railway for a term of seven years. This threat, Hudson hoped, would be enough to coerce the Midland Counties shareholders into compelling their directors to accept the amalgamation.

Meanwhile, the latter remained blissfully ignorant of the

plot that was being hatched against them: in fact, at the beginning of July they were still toying with a negotiation of their own direct with the Birmingham and Derby directors. But this makebelieve was brought to an abrupt end by a disclosure of the real facts. For about the middle of July the shares of the Birmingham and Derby Company began mysteriously to rise in value; and at the end of the month an enterprising Leeds stockbroker was able to send out to his clients a circular accurately forecasting Hudson's plan of amalgamation; the information had somehow leaked out after the meeting of the Birmingham and Derby Board which had accepted the North Midland proposals.

On August 1st the thunderbolt fell. At a hurriedly summoned meeting, the North Midland representatives presented Dicey and his colleagues with a downright ultimatum. Either they must accept Hudson's triple amalgamation as it stood, or they must face his threat to book every through passenger from the north to London via the Birmingham and Derby line. Naturally, the Midland Counties directors resented these high-handed tactics. Dicey argued that the North Midland stood to gain the lion's share of any benefit that might accrue from a triple amalgamation. "Why," he said, "the proposal is a parody on the old fable of the two foolish animals who quarrelled about the division of an oyster, and appealed to the monkey, which ate the whole oyster and gravely returned to the disputants the shells!" Throwing his influence into the scale against Hudson's plan, he persuaded his fellow-directors to return a flat refusal of the North Midland terms, and to demand that the "natural capabilities" of the competing lines should be fully ascertained before amalgamation was proceeded with.

No doubt Hudson had expected this deadlock; for he now set himself to appeal over the heads of the hostile oligarchy to the democracy of the "long-suffering" shareholders. The struggle between Dicey and Hudson entered a new stage at the half-yearly meeting of the Midland Counties Company on

August 10th, when "Mr. Hudson appeared anxious to storm and bluster the chairman into doing as *he* thought proper . . . and his supporters expressed their disapprobation of Mr. Dicey's determination in a manner not at all becoming to them as Englishmen and as gentlemen." Dicey had indeed been manœuvred, like Newton before him on the North Midland, into an impossible position, having to act on the defensive against new proposals, before impatient shareholders ready to try any novel plan which promised increased dividends. Dicey could do no more than reiterate his previous arguments —the "doubtful" motives of the North Midland, the questionable methods of negotiation adopted, the exaggerated estimate of the savings anticipated from amalgamation, and the taint of share-pushing that hung about the transaction.

Once more Hudson found himself in his element, as he rose in that dusty room at Derby Station to bully the meeting into submission. His speech was a mixture of bluster and mathematics. He adopted an attitude of lofty disinterestedness towards the quarrel between the two southern railways. He referred pityingly to "the struggle which was going on between the clerks at Derby Station to get one person to go by one route, and another by another," and asked: "Are we not bound to make some sacrifice for abating or abolishing such a public nuisance?" Then he undertook to show that the Midland Counties Company could not be injured by his proposals. "If I fail to elucidate this subject, I will then take it for granted that all the calculations which I have ever made in the course of my life have been based upon erroneous principles." Here he dramatically produced a list purporting to show in detail exactly how every shilling of the £25,000 savings which he proposed to secure through amalgamation was to be obtained—partly through increased fares, partly through unified management of the three railways. Finally he threw in a word of praise for each of the two competing lines, and declared that the Midland Counties itself ought to be earning at least a 5 per cent dividend.

Hudson's clever speech threw the shareholders into a violent diversity of opinion. Neither the Liverpool element, nor Captain Watts from Darlington, liked the idea of Hudson having his way; but the majority was clearly on his side, and tempers grew hotter when delays were suggested. After a long and boisterous discussion a proposal was carried appointing a mixed committee of directors and shareholders to go into the question of amalgamation. But the opposition, foreseeing in this proposal their own defeat, demanded that a poll should be taken, instead of a mere show of hands. Thereupon, "the majority of the meeting rose *en masse*, each shareholder turning *vis-à-vis* to his neighbour and deprecating the conduct pursued by the directors and their supporters." Strong terms of indignation—"abominable"—"an insult"—were heard, and "vociferous execrations" continued for the space of half an hour. The pandemonium grew worse when Dicey announced that he would admit unstamped proxies to vote in the poll, which Hudson asserted to be illegal. He was repeatedly called to order by Dicey, who told him bitterly that he was not yet in the chair! But the shareholders were now past all holding; they rose in a body in the hall, hurling defiance and insult at their directors, till at length the nerves of the latter gave way. Dicey and his friends withdrew their motion for a poll, and good humour was restored with the appointment of the desired committee. Hudson had won the second round of the contest.

The success came not a moment too soon for his reputation, for it served to cover up the non-fulfilment of his grandiose promises to the shareholders of the North Midland at the end of the previous year. He had then undertaken to secure savings of £17,000 a year in the working expenses of the line; but at the meeting in August 1843 the report announced a diminution of just £11,500 on the previous year—in fact, no more than the amount promised by Newton and the old, discredited board of directors. Nor was the dividend (at 3 per cent) any higher than it had been in 1842. Had the North Midland

shareholders, therefore, had longer memories, they might well have asked what advantage had accrued from all the storms and revolutions that Hudson had brought about in their company. In fact, however, they were mesmerised by the new and greater revolution that he was staging for their benefit.

The weeks following the Midland Counties meeting saw Hudson consolidate his advantage over Dicey. The committee of directors and shareholders which had been set up met Hudson and his North Midland colleagues; and the veteran John Ellis, whose connection with the Midland Counties Railway was older than that even of Dicey himself, was won over to the amalgamation scheme. Ellis, the promoter of the little Leicester and Swannington Railway, had been for over thirty-five years a farmer—and a curious sympathy seemed to arise between these railway pioneers of farming stock, as we have seen in the case of George Stephenson. At any rate, from this point onwards Ellis became Hudson's right-hand man in the Midlands; and between them they brought the committee to a unanimous approval of amalgamation. In order to gain this approval, Hudson made a few minor adjustments in the details of the scheme, at the expense of the Birmingham and Derby Railway.

The next month saw the clearing of the last hurdles. The three companies held meetings in quick succession during the third week of September, to come to a final decision. First the North Midland shareholders, after some petty wrangling over the terms, followed Hudson's lead. Next, the Birmingham and Derby Company accepted the scheme, with a single director dissenting. Lastly, on September 21st, at the Midland Counties meeting, there took place one more of those uproarious and bitter scenes which seemed the inevitable accompaniment of every one of Hudson's triumphs. Dicey, with his back to the wall, fought out his fight with Hudson to a finish almost alone. From the chair of the meeting he told the shareholders once again that Hudson's proposition was mainly

intended to fill his own pocket and that of the North Midland shareholders. The amalgamation was "a plan for plundering the Midland Counties Railway for the benefit of the North Midland and Birmingham and Derby."

Dicey's speech caused some last-minute wavering among the supporters of Hudson's plan, and one of the shareholders on the negotiating committee suggested that an arbitrator should be appointed to adjudicate scientifically on the claims of the rival lines. This meant delay, and therefore was a serious threat to Hudson's plan, but the suggestion was in fact never put to the vote. For Hudson himself now intervened, speaking very excitedly and "with much warmth of manner and expression." He repudiated the chairman's references to "plunder," and poured scorn on the idea that the Birmingham and Derby Company would ever have come to terms or amalgamated with the Midland Counties without the mediation of the North Midland. Finally, he declared that the hour for decision had now struck, and warned the shareholders not to reject an opportunity which might never recur.

The debate dragged on, till at length the impatient shareholders insisted on taking a vote by show of hands. Hudson's scheme was then carried by 115 votes to only 11. Still Dicey held out. He insisted on a poll, and declared once more his intention of admitting unstamped proxies to vote. Hudson, furious, replied that a poll would be "useless, unusual, and vexatious," while to admit unstamped proxies would be definitely illegal. Thereupon, "several proprietors ascended the forms, and spoke loudly and indignantly against the chairman's demand." A scene of excessive confusion followed, Hudson's voice being heard above all the others in the uproar. When Dicey called for order, one of his fellow-directors entirely lost his head and called out: "You are the most disorderly of all disorderly gentlemen! You have been a disgrace to the Board for years." "I have been chairman of this company for seven years," retorted Dicey mildly and courteously, "and never received so gross an insult before!"

This rebuke restored the meeting to its sense of shame, the offender apologised, and the poll was taken. Hudson's scheme was once more approved, by 1,752 to 498, and the proceedings terminated, after nearly six hours with "three cheers for railway amalgamation."

CHAPTER V

# HUDSON v. GLADSTONE
## (1843–1844)

"George, in his chair,
Of railways Lord Mayor
With his nods
Men and gods
Keeps in awe;
When he winks,
Heaven shrinks;
When he speaks,
Hell squeaks,
Earth's globe is but his taw."

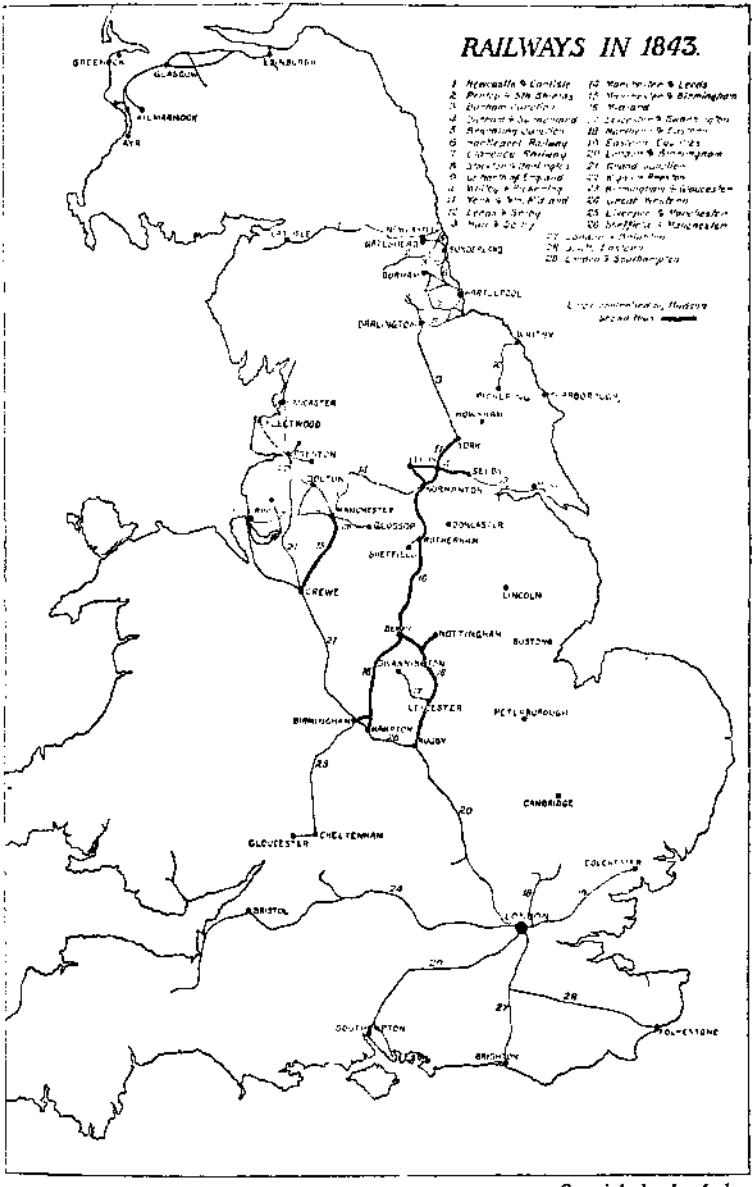
"Opening chorus of the opera *Midas*, to be sung at a *grand amalgamation* meeting."
*Railway Times*, October 7, 1843

IT was in September 1843, immediately after the stormy scenes that heralded the Midland amalgamation, that the railway world woke up rather suddenly to the fact of Hudson's importance. York had years ago dubbed him with the local title for wisdom, "Gumsher" Hudson. But now London was beginning to talk and write, half in annoyance and half in admiration, of "the Yorkshire Balloon," "Jupiter," and even "the Railway Napoleon." Sketches of his career, estimates of his character, and forecasts of his ambitious plans were freely published in the railway Press. "I consider Mr. Hudson a shrewd, *honest* man," wrote one correspondent to the *Railway Times*, "but for pity's sake, sir, call the attention of shareholders to the sway this person is obtaining. . . . Shareholders should be cautious ere they raise a railway autocrat, with power greater than the Prime Minister." In another letter we find Hudson described as "well skilled in the *arcanum* of paying good dividends out of small earnings."

It is uncertain when Hudson lost the *soubriquet* of an usurper, and gained instead the more reputable title of legitimate sovereign—"The Railway King"—which has clung to him ever since. But the authorship of the phrase is vouched for by Hudson himself, who in his later years was fond enough of telling how a native of his own part of Yorkshire had devised the famous label. "Sydney Smith, sir, the Reverend Sydney Smith, the great wit, first called me 'The Railway King': and I remember very well that he made a very pretty speech about it, saying that while some monarchs had won their title to fame by bloodshed and by the misery they inflicted on their fellow-creatures, I had come to my throne by my own peaceful exertions, and by a course of probity and enterprise."

Certainly it was the exertions of Hudson, his mountainous force and ubiquitous energy, that most struck upon the imagination of his contemporaries. The three days on which he had battled in turn with the unruly shareholders of the three Midland companies, bringing to each meeting a complete knowledge of the figures and producing ready answers on points of detail, became almost a legend of his endurance and versatility. His capacity for carrying on several totally distinct plans at once in different parts of the country, in Durham simultaneously with Derbyshire, in the York council-chamber equally with the committee-rooms of the House of Commons at Westminster, appeared to give unmistakable proof of genius. And the railway world was already coming to look to him for something new and startling in the way of enterprise or company promotion every few weeks or so.

After the hard-won victories at the Midland meetings in August and September, a lesser man might have taken a holiday, and rested on his laurels. Not so Hudson. While the Midland dovecotes were still fluttering, he was off to alarm the north by a new piece of daring. An engineer and a promoter were to buy up a whole railway between them, and put its shares into their pockets like a parcel of cheese—such was the sensation caused by the announcement that




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Hudson, abetted by Robert Stephenson, had purchased the Durham Junction line in the late autumn of 1843, for less than its original cost of construction. The announcement was deliberately highly coloured, so as to make it appear as if Hudson had carried through the deal on his own responsibility —whereas in fact he was merely using powers already conferred on him by the Newcastle and Darlington Junction shareholders.

The meeting which was called at York on November 17th to ratify this purchase was so staged as to provide yet another dramatic occasion for the newly-crowned monarch. Hudson now came forward with a proposal that, as such good progress had been made with the building of the Newcastle and Darlington line, they should terminate the guarantee given them by the eight companies, and stand upon their own feet. The bait by which he persuaded the shareholders to agree to this was his expressed conviction that, so soon as their line was opened, it would pay more than the 6 per cent allowed for. But his own reason for dropping the guarantee was rather different; as he candidly confessed to the shareholders, he was thinking of extending their line beyond Newcastle to Edinburgh, and needed their help in forging the remaining links.

Two new companies were being formed that autumn for this purpose, both of which looked to Hudson for indispensable support in raising the capital they required. The first, calling itself the Great North British, proposed to build a trunk line between Edinburgh and the Border at Berwick; while the second was to fill the remaining gap between Newcastle and Berwick. Hudson planned to secure financial backing for the former from the York and North Midland, and for the latter from the shareholders of the Newcastle and Darlington. But he also needed to arrange for the crossing of the Tyne at Newcastle, since the Newcastle and Darlington line ran as far northward as Gateshead only. To secure a connection, therefore, for continuing the route north to Berwick, he adopted George Stephenson's scheme for a great bridge running at a high level across the river from Gateshead into Newcastle.

This high level bridge was to be built, at a cost not exceeding £100,000, by a company specially formed for the purpose, with George Stephenson on its board of directors, Robert Stephenson its engineer, and its dividend guaranteed by the Newcastle and Darlington Junction Company.

Carrying through these intricate negotiations might have been thought sufficient occupation for one man during one autumn. But Hudson, travelling up and down the growing length of railway that he now controlled, was easily capable of carrying on several different campaigns simultaneously. Yet, supported though he now was by a devoted band of followers in York—men whose fortunes he had made by his successful management and company promotions—he never made the mistake of neglecting his home town or leaving it without some new enterprise of an attractive kind to digest for itself. He still put in periodical appearances in the Council Chamber, or at a Town's Meeting. He still came forward to champion local causes—as, for example, to head a protest against the centralising policy involved in the removal of ecclesiastical courts from York to London. And in the same autumn he generously offered, in spite of the old quarrel over Lendal Bridge, to improve at the expense of the York and North Midland Company the access to York Station by making a new street into Micklegate. This was the street afterwards known as Hudson Street.

Late in November 1843, Hudson was ready to unfold his next plan for enriching his followers. He felt that the time was now ripe to make a new start with the branch line from York to Scarborough. This project had always been a favourite with him for sentimental reasons, since the proposed line was to run up the Derwent Valley and touch Howsham, his birthplace. But there was another more material reason why it should be taken in hand. The York and North Midland Railway was growing increasingly prosperous and, whether or not dividends had been legitimately declared in previous years, there was no doubt the company was now capable of

paying even more than 10 per cent. Captain Laws, giving evidence before the Select Committee on Railways in 1844, *maliciously suggested that* "the York and North Midland Company will have a revenue sufficient to divide 20 per cent; but they look upon that as rather dangerous, and therefore they say, we will throw out a branch to Scarborough; we will take it ourselves, and get 10 per cent upon the Scarborough line, which of itself might not pay 2 per cent."

The Scarborough line as a business proposition required, nevertheless, a great deal of explanation: for, after all, Scarborough was as yet but a little fishing village, and the country between it and York poor and thinly populated. Hudson professed to a sense of heavy responsibility in recommending its advantages. "A man who commences railway undertakings," he boomed, "incurs a serious responsibility, and he ought to be very careful, and to weigh well and anxiously the details of his measure, before he projects such schemes and induces others to embark in them. There are many poor people who embark their property in railways, and if they prove unsuccessful, the consequences can hardly be calculated." This warning he illustrated by reminding his audience that of nineteen railways authorised by Parliament in 1836, only three now kept their shares above par, the net depreciation in the capital of the rest amounting to five or six million pounds. The York and North Midland was one of the three companies whose shares were at a premium. "If," he concluded, "you are not disposed to take up this project, and to embark your capital in it, I have parties who *are* ready to complete it, independent of this company."

No direct opposition to the Scarborough scheme (picturesquely described by one shareholder as "the calving of the cow") was forthcoming from the meeting. But a fierce debate sprang up upon a minor matter, which indicated that the old suspicions of Hudson's disinterestedness were still rankling in the minds of a small minority of the York capitalists. Joseph Rowntree rose to point out that if every shareholder

were to avail himself of the opportunity to take up a share in the Scarborough scheme, according to the chairman's plan, there would still be left unallocated a surplus of 350 shares, value £8,760, which would be at the chairman's own disposal; and he asked why the shareholders were being asked to pass over the other directors in favour of one man in this way. "To place a large sum of money," he went on, "or give a bonus to the chairman, before the Act is obtained, and before his services are completed, involves a principle to which I object."

Hudson's friends and colleagues at once rushed to his rescue, and an admirer named Oldfield launched forth into a panegyric, lauding "the stupendous efforts and ability of one who might be aptly termed the Colossus of Railroads, whatever might be said by some as to the punctilios of principle. . . . Providence not only blessed him with intellect of which the cleverest of people might be proud, but also with a constitution which enabled him to go through as much work as would have killed half a score of men."

But this laudation of Hudson merely irritated the opposition, and a talkative old gentleman named Laycock got up to move an amendment that the shares be put at the disposal of *the directors*, rather than the chairman. The meeting was now at boiling-point, and one of those quaint passages of repartee took place which so enliven the records of those early railway proceedings. Hudson taunted Laycock with having left his following and gone off into other speculations, where he had lost money. "Yes," burst in John Catton, pointing at Laycock, "and whenever my friend Mr. Hudson proposes anything, you declare right or wrong to oppose him. You spider!" "I deny the charge——" Laycock was beginning, amid roars of laughter; but Catton insisted on continuing: "As Percival said to Whitbread when he was prognosticating the French Revolution, 'The spider is at his dirty work again.' Now Mr. Percival did not call Mr. Whitbread a spider, neither do I call you a spider; but I say you are always at your dirty

work at my friend Mr. Hudson (renewed laughter). . . . I call him my friend because my property has been doubled or trebled by adhering to him." "Well," said Laycock, giving ground, "he has been my friend too, and has paid me a good dividend." "But you're never satisfied," growled Catton, "you'll never be quiet until you are put under the sod." After this exchange of compliments, Laycock and Rowntree were solitary in their support of the amendment, and every one of Hudson's proposals was approved out of hand by the shareholders.

While this enterprise was being launched among the Yorkists, Hudson turned aside to dip his fingers in a new pie, which, however, turned out less pleasant to taste than his other connections. Together with John Waddingham of Leeds he set to work to revive a project which had made an abortive start many years back, for a railway between Leeds and Bradford. In August 1843, he had successfully appealed to the North Midland shareholders to allow this line to be built as an extension of their own. But then had come the Midland amalgamation, to ratify which a Bill had to be passed through Parliament during the following winter. Naturally, pending the settlement of the details of the transfer of share capital, the three constituent companies bound themselves not to embark on any new schemes involving capital expansion. Therefore the North Midland Company could not make itself officially responsible for the new branch line, to build which Hudson and Waddingham set to work to launch a separate company of their own.

Investors at first seemed shy of this Leeds and Bradford Railway, as it was called; but when it became known that Hudson had himself put his name down for 600 of the £50 shares, then there was a rush to follow suit, and the capital was quickly oversubscribed. When the time came to allocate the shares, Hudson, who had made his Yorkist friends many promises, was forced to favour them at the expense of many North Midland investors who, not having official knowledge

of the formation of a new and independent company, had expected to share in the allocation. But what enraged these disappointed investors most was to find that the new shares rose to a large premium immediately after issue, so that in a few weeks the premium alone on Hudson's own 600 shares amounted to £6,000. Richly sarcastic waxed the *Railway Times* over the matter. "Mr. George Hudson, it is very evident, is not a Railway Reformer for nought. He does not make and unmake Boards of Directors for the mere excitement of the sport. Oh no! he is much too far north for *that*. He has the more sensible object in view of putting money in his purse. . . . Who, after this, will venture to assert that railway tinkering is not a good trade—better, far, than toiling behind a counter, or sweating for the lieges beneath the capacious folds of an aldermanic gown?"

The trouble came to a head when the angry North Midland shareholders, at their meeting in February 1844, wanted to know why they had been excluded from their share of the premium spoils. Not until Hudson, in a rage, had threatened to resign from their Board, was the matter allowed to drop; and it left, naturally, a nasty taste in the mouth. The Leeds-Bradford line was, indeed, one of Hudson's unluckier enterprises, in regard to which, as we shall later see, his actions seemed continually to lend themselves to misconstruction.

Meantime, however, his mistakes in this comparatively minor scheme were easily covered up by new successes in the forging of further links in the grand chain of railway communication with Scotland. Early in February 1844 he persuaded the shareholders in the Newcastle and Darlington Junction Railway, flushed with self-importance through their newly acquired independence, to help float the Newcastle and Berwick Railway by at the same time individually investing in its stock, and collectively (as a company) guaranteeing its dividend. And on the same day, without question or criticism, a meeting of the York and North Midland shareholders agreed to his suggestion that the company should invest £50,000 in

the North British Railway by taking over from him at par 2,000 of its shares for which he had himself privately subscribed. Thus two more promising schemes emanating from Hudson's brain had been brought to birth; and naturally, their author took charge of their development in person, serving as chairman of the Newcastle and Berwick, and also as a director of the North British Company.

During the months that had elapsed since the decision in favour of the Midland amalgamation, the stature of Hudson in railway matters had grown prodigiously. His Midland achievement was now seen to have been no mere isolated *coup*, for was he not proceeding straightway to repeat it on a larger scale by building up a second great system out of the railways north of York? Already his successes were raising up a host of imitators, producing a crop of schemes for amalgamation and "joint working." Furthermore, the ease with which Hudson had succeeded in conjuring into existence new companies to build fresh sections of the East Coast Route to Scotland, also gave a powerful stimulus to promoters of railway projects in general. The autumn of 1843 saw prices touch their lowest level, and trade begin slowly to revive. Then, as the winter drew on, notice was given of the introduction in the new Session of Parliament in February 1844 of a larger number of railway Bills than had been known for some years past. The far-seeing could already foretell, therefore, the likelihood of some recurrence of railway speculation similar to that which had afflicted the country in 1836.

Among the far-seeing was the President of the Board of Trade, Mr. Gladstone. He had noted not only Hudson's discovery of a means of grafting one project upon another in such a way as to extend the power of an existing group of capitalists without reference to the general investor; but also the tendency of speculative new railway building to produce fare-cutting competition between rival lines, leading almost inevitably to amalgamation, which appeared to place

the public at the mercy of high fares. How were these evils to be avoided, and yet legitimate increase in the country's railway mileage encouraged?

It was to find a way out of this dilemma that Gladstone, on February 5, 1844, moved for the setting up of a select committee of inquiry into railways. His purpose was twofold; to foster new railway enterprise, but at the same time regulate and limit it for the public benefit; and to induce the older companies to come to terms with Parliament in exchange for some limitation upon the number of competing new lines which Parliament would sanction. The terms which he wanted from the companies included lower rates and fares, and adequate provision of third-class travel facilities.

There was nothing in all this to alarm the railway interests, and Gladstone therefore easily secured his Committee, which plunged at once into the work of inquiry, extending its operations as it went along till they covered the whole field of railways. On March 18th, Hudson appeared before the Committee, and the evidence that he then gave not only clarified his whole railway philosophy, but outlined a policy in strong contrast with that towards which Gladstone's mind was moving.

On some matters there was no disagreement between them. Hudson, like Gladstone, was all against unrestricted speculation in railway making. He fully anticipated that the boom now beginning would end in disillusionment. "I think there will be a reaction in the course of two or three years," he declared prophetically, "that the anticipations of speculators will be disappointed, and that many of the railways will not turn out productive, and there will be a reaction as violent as the other, even supposing the money market to continue in its present state." Competitive building of new railways could do nothing but harm to existing lines, and "if any means can be devised by which these lines can be protected in their traffic, it will be a great boon to railway property." Here spoke the monarch conscious that his own newly conquered

realm was likely to be in danger of invasion if railway speculation increased. "Competition in railways," he pointed out, "must lead to compromise"—that is, it must lead to ruinous undercutting of fares, terminating in agreements to maintain or raise fares, or in amalgamation, unless indeed government itself were to take over or build the competing lines—"but I think the public would rather be in the hands of companies than of the government!"

On this question Hudson took up a suggestion previously thrown out by Gladstone, and formulated it as a desirable principle for the guidance of Parliament. "No line ought to be made which has not a local traffic of its own, but which is to be made having for its primary object to compete with the present line." The kind of line which he had in mind was the projected direct route from London to York, which he dreaded as competitive with the Midland. "I would not be connected," he added with emphasis, "with any line which was competing with an existing line."

The Committee next questioned him on a delicate subject —his method of fixing rates and fares, and the possibility of lowering them. Hudson tried to suggest that reductions of fares would automatically be made by the companies, if and as their traffic receipts grew, in the absence of competition from new lines. But at last he was driven to admit that the principle on which the longer railways fixed their charges was the obtaining of a maximum dividend from a given traffic —or, in modern economic phraseology, a net monopoly revenue.

All this led up to the main question which Gladstone and the Committee had at the back of their minds—ought Parliament to interfere to regulate the monopolistic tendencies of existing railway companies, by stipulating for periodical revision of their charges? Hudson was naturally all for *laissez-faire* in principle, but, as he shrewdly qualified it, "If I thought that Parliament could give me protection against competing lines, I would be ready, as a railway proprietor, to give up

something for that, i.e. sacrifice some ultimate profits." He suggested in fact that the railway companies might agree to a revision by the state of passenger fares, but only at the expiration of twenty years.

In spite of the not very generous terms of this offer, it looked as if Hudson's standpoint was now near enough to that of Gladstone for bargaining to begin. But in the further course of cross-examination Hudson began to "shy off" from the concession he had made. For although in theory he wanted protection from Parliament, in practice he disbelieved in Parliament's power to grant or guarantee such protection. He did not trust Parliament, he declared, to stand consistently by any decision not to sanction new competing lines, in consideration of all railways coming under general revision at stated intervals. The bargain, too, would be one-sided; for in future Parliament would probably in any case be vigilant to prevent the making of new lines which competed with the old without serving new districts. Therefore, he concluded, it was safer and better both for the railway companies and for the public to leave things as they were, allowing each proposal for a competing line to be judged on its merits by Parliament.

It only remained for the Committee to ask Hudson his opinion of amalgamation—was it a benefit to the public, or not? His reply was naturally in the affirmative. "Railways are cheaper when united together, whether there is a separate company or not." Gladstone then acutely pressed the question home to its logical conclusion:

> *Gladstone.* "Suppose all the passenger railway companies now in the kingdom should be united into seven or eight great companies, do you not think that they would be more difficult to deal with than they are at present?"
>
> *Hudson.* "No, I think not. The whole advantage of amalgamation is, that it is a saving of expense to the shareholders, and the public are benefited by the companies giving them increased accommodation."

This exchange between Gladstone and Hudson strikingly illustrates the penetrating and almost prophetic insight of each into the future of the railway problem. Gladstone was coming in his mind to the conclusion that the State would have to intervene not merely to revise and regulate, but in due course to purchase the railways, and so cut the Gordian knot presented by the tangle of competing and monopolistic interests. But state purchase (or nationalisation) struck Hudson as "a very bold measure; and I think," he went on, "they ought to buy out the canals, too, if they do that." He did not at this stage reject the idea outright; only he saw practical difficulties in the way of assessing a fair price for the railways.

Hudson, wiser even than Gladstone, already foresaw the eventual compromise which was only reached fifty years after his death—the railways amalgamated into a few great companies, able and willing to effect economies in working and to offer increased facilities to the travelling public. With all the powers at his disposal he was already striving towards this end, dreaming first of two great companies consolidating the lines north and south of York on the eastern side of the country, and ultimately, no doubt, of a single company greater still, whose trains should run under one management from Rugby (or even London) to Edinburgh.

Such were the plans and dreams of these two supermen; but as the future was wrapt in darkness, the immediate issue between them was narrower, and they joined battle to determine how far the State should go, or should not go, in attempting to control the railways. Gladstone's Committee issued in all six reports between February and June 1844, covering all manner of railway topics; but the most important was the third, which was issued only twelve days after Hudson had given evidence, and formed the basis of the Railway Bill subsequently introduced by Gladstone. Besides requiring every company to run at least one train a day over its line conveying third-class passengers at 1d. a mile—the most famous and popular of its clauses—the Bill imposed on new

railways two important sets of conditions. The first provided that if any new railway paid an average dividend of 10 per cent or more on its capital, at the end of fifteen years the State might have power to revise its rates and fares, in return guaranteeing the continuance of the 10 per cent dividend. Secondly, at the end of fifteen years the State might take powers to purchase any new railway, whatever its dividends, on a basis of 25 times its average dividend (with a maximum of 10 per cent) for the preceding three years.

"The Railway Plunder Bill," as the *Railway Times* melodramatically dubbed it, received its first reading in the Commons on June 20th, and was printed on June 24th. Two days later representatives of seventeen of the principal railway companies met together at Westminster to hold an indignation meeting. Extraordinary unanimity prevailed; and Hudson was promptly voted into the chair—a new recognition of his pre-eminence in the railway world—whence he proceeded to denounce the Bill as injurious to railway property and prejudicial to public welfare. Ignoring the fact that the State purchase powers given in the Bill applied only to *new* railways, the existing companies foresaw in them the thin end of the wedge of State control and purchase of all—old as well as new—railways. The meeting accordingly sent a deputation to interview the Prime Minister, Sir Robert Peel, on the subject. On July 1st, Hudson led into 10 Downing Street a team of 32 engineers, directors and M.P.s representing 29 companies with £50 millions of capital—of which his own group accounted for over £7½ millions, bulking second only in weight to the £13 millions of Glyn's London and Birmingham Company. On the other side stood Peel supported by Gladstone and Lord Granville Somerset. No less than seven speeches were addressed to them by Hudson, Glyn, and others—but the Ministers remained adamant; and the deputation withdrew in chagrin and resolved to launch against the Bill a campaign of protest in the Press, among their shareholders, and throughout the country generally.

The railway interests certainly meant business. During the next ten days, petitions poured into Parliament against the bill, and public meetings were held in every important town in the kingdom, at which the Bill was denounced. Further, those M.P.s who "represented" railways asked question after question in the House; while outside, as Gladstone complained, "the lobbies were filled with persons interested in the passing of Railway Bills, soliciting members for votes" against the Second Reading.

At last, on July 8th, the second reading debate was begun. Gladstone, who had held his patience so long, now launched a tremendous philippic against the railway companies for their agitation which, he contended, was based upon a gross misrepresentation of the Bill. First, he pointed out that none of the powers of control or purchase conferred by the Bill could be exercised by the Government fifteen years hence without a fresh resort to Parliament for sanction. And in any case the Bill applied only to *new* railways; the only reason why *existing* companies could object to it was through fear lest they should be virtually included in the scope of the measure and later drawn into its operation. But "nothing is more futile, nothing more ridiculous, than the apprehensions on the part of these great and powerful combinations and associations of parties, that if any unjust and oppressive measures in regard to railways were hereafter proposed, Parliament would be found ready to adopt them, and that these companies would have no power to resist and prevent them."

Refusing therefore to postpone the measure, Gladstone went on to make a biting analysis of the forces which had got up the opposition. "The argument used by these companies for conciliating the public on railway matters is this: 'Trust to competition; matters have gone on very well; there are many fine railways; you can travel a deal faster than you used to do; trust to competition to secure the interests of the public.' *Now, for my part, I would rather give my confidence to a Gracchus* when speaking on the subject of sedition, than

give my confidence to a railway director when speaking to the public on the effects of competition." A scornful allusion to the recent deputation followed. "A most lugubrious body of gentlemen had presented themselves on the occasion, and in the front rank were directors and large shareholders of companies, but in the background, and urging the rest forward, were solicitors and agents "who, he said, disliked the Bill because it would simplify and therefore reduce the expense of Parliamentary procedure upon future railway Bills. Finally, he concluded, "I am aware of the power of railway companies in this House. If they had justice on their side, they would be resistless; but I am persuaded that justice is against them, and that the clamour that has been raised within the last three weeks is utterly groundless."

This speech was powerful enough to secure a substantial majority for the second reading of the Bill. But Hudson and his friends by no means counted the battle lost. On July 10th he addressed through the Press an "open" letter to Gladstone replying in a tone of injured dignity to the latter's speech in the House. Hudson maintained that the Bill did, on its face, empower Government to purchase any new railway after a period of fifteen years. "The qualification of your power which you attach to it in your explanation of its meaning as reported in the public papers, viz. that it could not be exercised without money, and that to obtain that money the Government would have to apply to Parliament affords, as I respectfully submit to you, sir, no sufficient reason for grounding a charge of misrepresentation against those who have otherwise construed the plain English of the clause, and in my humble judgment would afford no sufficient security to the railway public against the undue exercise of such power." Hudson's reply to Gladstone was purposely clothed in language of almost exaggerated respect, which served as a foil to the grand rhetoric which the latter had used against the railway companies in Parliament. Without indulging in the slightest recrimination, Hudson ably presented his point of view, and

at the same time invited the Government to a compromise. "If there be defects in the system of management of railways, the companies will cordially unite with the Government in their correction, and in framing any Bill which, on full inquiry, and after a fair hearing on both sides, shall be considered necessary for the correction of every such abuse proved to exist, or likely to arise."

This sweet reasonableness was really due to a consciousness of holding the trump cards in the game. Gladstone might be obdurate; but behind him, the Prime Minister was by no means disinclined to compromise. On the Second Reading of the Bill, Peel had gone out of his way to praise railway managers for their politeness and attention to the needs of the public. He had given a most conservative interpretation of the contentious parts of the Bill, emphasising the fact that existing railways were excluded and hoping that the necessity would never arise for the Government to take the management of any railway into its hands. All that the Bill proposed to do, he said, was to make it competent for Parliament, after a lapse of time, to determine whether or not the powers given to new railways should be revised. After Peel's explanation, Gladstone altered his tone. He expressed his willingness to meet representatives of the opposition to the Bill, and if necessary introduce modifications in Committee.

Later in the same week, therefore, Hudson and Gladstone met together for a private talk. What exactly took place then is unrecorded; but from the subsequent remarks each made concerning the other, we can gather that the two men got on well together and parted on terms of mutual respect. Hudson afterwards paid tribute to Gladstone's "very handsome and liberal manner" in coming to a compromise: whilst Gladstone was so impressed by the Railway King's personality that, long after, he refused to join in the universal execration which accompanied his downfall, and always maintained that he was no mere gambler, but a man of ideas who had contributed to the country's welfare. "It is a great mistake," he said, "to

look upon him as a speculator. He was a man of great discrimination, possessing a great deal of courage and rich enterprise—a very bold, and not at all an unwise, projector."

As a result of this meeting Gladstone, in Hudson's words, "did that which no doubt was not very agreeable to any minister—he consented to take out twenty-four clauses of the Bill in succession, and after that to modify five or six more." A new railway became liable to State control or purchase not after fifteen but after twenty-one years, and then only if it had paid a dividend of 10 per cent for three years running; and exclusion of existing railways from liability to be purchased was laid down by specific reference, instead of inference. The railway managers, in return for these and other concessions, were only too glad to let pass the clauses compelling all companies to provide third-class passenger accommodation at 1d. a mile.

And so the Bill, as emasculated, went through. Undoubtedly the railway interests had gained a great victory. The Government—in the person of Gladstone—had set out boldly to check monopoly and assert rights of public control over railways. Aided by the untenable distinction made between existing and new lines, the railway managers, under Hudson, had driven a wedge in between Peel and Gladstone, and secured such a whittling away of the Bill as to render it innocuous from their point of view. Indeed, the laboriously constructed machinery for state revision and purchase was never put to any use, and soon became out of date. Now whether the victory of the railway interests was good for the community as a whole need not be argued here; and whether it was really wise from Hudson's own point of view—in his rejection of a possible bargain with Gladstone to exchange a restriction on competition for increased State control—may be doubted. But one fact cannot be doubted or argued: the victory of the railway interests was due to Hudson himself, as was publicly recognised by Glyn and others. All things considered, then, to have beaten Gladstone in the House of Commons without

being even a Member of Parliament must be accounted one of the most striking feats of Hudson's whole career.

That summer, indeed, the Railway King appeared flushed with glory and basking in the full sun of success. For on the very eve of his contest with Gladstone, his prestige in the railway world had been yet further enhanced by two events. On June 13th he walked up through crowded ranks of shareholders in the hall of Derby Station to take the chair of the Great Midland Railway for the first time. Lord of four and a quarter million pounds of capital and 179 miles of line, he transacted their business for his admiring constituency in little more than an hour, describing to them the details which he had arranged for converting the shares of the three old companies into the one new, and solemnly promising them, in managing their railway, "to regard no saving as too small to be unworthy of accomplishment, and no traffic too insignificant to deserve attention." Translated into concrete terms this meant wholesale dismissal of redundant staff, reduction of salaries, raising of railway fares, and the incubation of numerous schemes of constructing branch lines—all the methods, in short, which Hudson had found so useful in his previous undertakings.

Three days after the inaugural meeting of the Midland, yet another triumph awaited him. Punctual to the forecast he had given two years before—such consistency in executing promises was one of his greatest assets with the public—Hudson opened on June 18, 1844, the 39 miles of line which formed the Newcastle and Darlington Junction Railway. With a full sense of the dramatic, he had chosen the anniversary of the Battle of Waterloo for the opening ceremony, and every artifice of Victorian pomp and circumstance was enlisted to invest the pageant with appropriate glory. A stream of special trains from all directions converged upon Darlington, to be linked up in "one grand opening train" which took its way to Gateshead during the afternoon. It was preceded by a special "Flying Train" which came from London bringing copies of

a daily paper printed that same morning—a record achievement, since the whole distance from London to Gateshead, 303 miles, was covered in little over nine hours, including stops.

A little later the "grand opening train," bringing Hudson and the Stephensons (without their luggage, which they had lost at Darlington), steamed into Gateshead, where an amazing reception awaited it. "Every spot which could command a view of the line was covered with anxious spectators; the shipping in the Tyne were decked with their gayest colours; the rapid firing of the cannon, the merry peals from the steeples of the various churches, and the strains of music from an excellent band in front of the station, all tended to elevate the spirits of those who were participators in the event, and to render it one of a most stirring character." After inspecting Gateshead station, the party crossed the Tyne into Newcastle, and prepared to close the ceremony with the usual feast.

On this occasion Hudson indulged to the full his *flair* for magnificent hospitality. The dinner hour was fixed for five o'clock, but the crowd of guests who numbered five hundred began to gather at the doors long before that time. At half-past five the waiting queue was admitted to the hall: but it was not till six that the Railway King deigned to appear, accompanied by John Bright and two other M.P.s, the Mayor of Newcastle, and four other Mayors. After dinner, when the National Anthem was sung, Bright was observed to remain seated, until the murmurs round him brought him ungraciously to his feet.

Glees were sung and tunes played by the band. The fun became fast and furious. A comedian sang "an original and well-written comic song relative to the supersedure of coaches by railroad." Then the toasts began, twenty-seven in number, pledged to almost every conceivable person. Hudson spoke unctuously of the Christian duty every railway shareholder felt towards his fellow-men and his employees. A Prebendary of Durham dilated on the blessings of Peace, and trusted "that

the conductors of railways in other parts of the world will follow the example set them in England—that of studying the interests of commerce, and of establishing Christianity wherever commerce exists."

After this the company drank a toast to old George Stephenson, who gave his usual speech of reminiscences—about his boyhood struggles, his twenty years in the pits, his son's education, and the first locomotive. Hudson, when his own health was drunk, gracefully subordinated his own glory to that of Old George, describing himself as "only a tool in the hands of a genius—and probably a very pliant one in carrying out the plans of the Messrs. Stephenson." And so the feast went on. Bright panegyrised railways; Sir John Simpson adulated Hudson; they were all fine fellows together; everyone paid tribute to everyone else—and at last, just before midnight, they rose from the six-hour banquet, staggered out into the cool night air, and so departed to bed.

CHAPTER VI

# THE HUDSON CIRCUS

"This is OLD NAP, *on premiums bent!*
Who swept the stakes, *then* shifted his tent,
To the nether regions, 'tween *Cam* and *Trent*,
And who laughs at the 'holders,' ill-content,
Who're blest with the dividend—*half-per-cent*,
Upon the million of money spent
To form the railway that NAP built."

Skit on the Newcastle and Darlington Junction Railway, in the *Railway Times*, March 2nd, 1844

WHEN Gladstone so boldly defied the Railway Interest on the occasion of the Second Reading of his Bill, he under-estimated the formidable character of its opposition to his plans. Hudson and other directors of Railway Companies might come forward to lead deputations, make speeches, and write to the Press; but they, as leaders, were in a sense less powerful and important than the rank-and-file behind them, the ever-growing horde of solicitors, engineers, agents, contractors, merchants, landowners, and speculators, who swarmed in the background, obscure and ubiquitous, ceaselessly intriguing to ensure dividends and premiums for their schemes.

What was the nature and working of this "interest"? To understand this, we must pass in review the cycle of events that normally took place, in part or in whole, when a line was built at this time.

The first business of the promoters of a new railway project was to assemble a "Provisional Committee" of backers, containing the names of as many local magnates and M.P.s as possible. Some of these were disinterested investors; others sought to please their constituents or tenants, others again intended simply to use their influence to sell their

own land at an enhanced price to the company. More still of these provisional committee-men entered the scheme with the sole aim of securing an allotment of shares, and disposing of them as quickly as possible at a premium to the general public. In short, the majority were speculators pure and simple.

With the formation of the Provisional Committee two new interests attached themselves to the project, lawyers and engineers. So great were the pickings that these indispensables might expect to gather from any reasonably protracted undertaking, that lawyers were often the originators of railway schemes, acting in concert with engineers seeking employment from them. The chief source of their gains arose from the promoters' necessity of complying with the intricate regulations laid down by Parliament for the passage of every railway bill.

Notice of intention to bring such a bill before Parliament had to be published months beforehand in the *London Gazette*, accompanied by rough plans of the line and its works. The engineers had therefore to prepare—usually in the depth of winter—a survey of the route, often in the face of hostility, and sometimes in the face of temptation, from those who owned the land to be traversed. Moreover, since they wished the projects on which they were employed to go forward, they were inclined to make out estimates of cost of construction which they knew to be insufficient.

While the engineer was at work on his survey, the solicitor to the Provisional Committee was complying with an antiquated standing order of the House of Commons (dating from 1774, when locomotive engines were not thought of, and railroads were mere feeders to canals) requiring them to make separate application to every tenant or owner whose property was liable to be interfered with by their railway, for his consent or refusal to their proposals, which must be set out in full detail, with plans and maps.

These obstacles overcome, the promoters might begin to think of approaching Parliament. They might publish a prospectus, and provisionally register their company—as a preliminary to examination of their project by the Board of Trade, which was empowered by Gladstone's Act of 1844 to scrutinise all Bills and advise Parliament what attitude to take up towards them. The promoters must now furnish an estimate of the cost of their railway, and also (to prove their good faith) a list of subscribers proving that at least three-quarters of the necessary capital had already been promised. As a further security, an Act passed in 1842 required the promoters actually to produce one-tenth of the capital to be authorised, and deposit it with the Court of Chancery before the Bill reached the Committee stage of the House of Commons.

The formalities hedging round these subscription lists opened the doors to various forms of chicanery. It was to the promoters' interest to get the shares quickly subscribed for, in order that they might be valued at a premium on the Stock Exchange. Therefore enormous allotments were made to provisional committee men, their friends and relatives, Members of Parliament, solicitors, agents, clerks, and the Press. On the other hand, there was a class of small speculators who specialised in making application for shares which they never intended to hold, but merely to sell at a premium. These often gave fictitious names and addresses, and put down a small deposit, having neither the intention nor the ability to pay up any further calls of capital that might be required. The promoters would not scrutinise these too closely, so long as they helped to advertise the fact that "all shares were allotted, and the demand exceeds the supply."

However, in spite of all these efforts, a project might hang fire after all. It then became necessary to resort to such devices as adding fictitious names to the subscription list, and borrowing the necessary deposit of capital from some other company through the friendly agency of directors interested in both. Or a new party might be drawn into the concern, in the form

of some contractor ambitious to share in the actual work of construction. The scale of the business of railway contracting had enormously increased since the early days of railways; and now, having bought on speculation large stocks of horses and wagons, rails, sleepers, engines, and other stores, they sought eagerly for new railway undertakings to keep their plant employed. So it often happened that, instead of companies and engineers employing contractors, contractors employed engineers and formed companies. The contractor would then agree to take part payment for his work in the form of shares.

When the promoters of a railway had succeeded in raising the necessary deposit of 10 per cent of the capital to be authorised, their scheme came before the Committee of the Board of Trade for scrutiny. This provided fresh opportunity for speculation in the shares—which were now in the form of unregistered scrip. The Committee's attitude to the scheme became the subject of rumour, every fluctuation in which affected the market for the shares. Sometimes attempts were made to rig the market by false announcements; at other times true information concerning the Committee's decisions leaked out prematurely, before the official notification.

At last, in Feburary, Parliament was in session, when, if the Board of Trade had reported favourably, the promoters would be able to bring in their scheme in the form of a Bill. Two Committees of the House of Commons would then examine it in turn; first, the Committee on Petitions, to see whether it complied with standing orders; and later, a Select Committee, to which it would be referred after the Second Reading.

The composition of these select committees was antiquated, and opened the door to manipulation and intrigue. They were composed partly of local interested members, partly of "disinterested" members. The promoters of a Bill spared no pains in canvassing the Speaker's nominations to the Committee, and in ensuring that their Bill came before the Committee at the most propitious moment. The select committees

thus appointed varied greatly in size, and in regularity of attendance. They were a paradise for obstructionists, every possible latitude being allowed to opponents and critics of a Bill; and the temptation to indulge in obstructive tactics was much strengthened by the rich harvest of fees and expenses which it afforded to counsel, solicitors, and witnesses. Nor were the Members of Parliament themselves above corruption. Herapath, the best-known railway journalist, stated positively that Members of both Houses had been known to go from one railway office to another to hawk their support as a pedlar would his wares: and in 1845 an official return proved that 157 M.P.s had their names on the registers of new railway companies, for sums varying from £291,000 downwards. One company boasted of being able to command 100 votes in the House of Commons.

In contrast with this demoralising and unbusinesslike procedure, the system by which the House of Lords dealt with railway bills was rational and speedy. Opposed Bills were referred to a committee of five peers only, who were bound to attend the proceedings throughout. But no peer was allowed to sit in committee on any Bill in which he might take a private or local interest.

As soon as a railway Bill had received the Royal Assent, its promoters were in a position to call together the scrip-holders and officially register them as shareholders. Since the letters of allotment or scrip certificates might have changed hands a good deal, this first meeting of shareholders was something of an ordeal for the promoters; they were not sure who would turn up, or how they would vote. For at this first meeting the Provisional Committee must give place to a regularly elected board of directors. As far as possible the promoters, through their solicitors, chose their nominees in advance, selecting puppets who would vote as they were told, in return for free railway passes, annual fees, opportunities for investment, and so forth. The same principles governed the appointment of the paid servants of the company, such as

the secretary, superintendent of the line, auditors, book-keepers, and even the clerks.

By this time the interests of lawyers, engineers, and contractors had become welded into a powerful force capable of controlling the policy of the company, and making it the basis for a projection of new, profitable schemes. But the original promoters, if all had gone well, had probably by now unloaded upon the general public the large holding of shares which they had reserved at the beginning for their own use. Thus the personnel of the shareholders was not what it had been originally. The speculators, small or great, had mostly sold out and reaped the premiums; their successors would be investors seeking a smaller but more permanent return upon their capital.

Actually, then, the controlling interests and the general body of shareholders had come to be at cross purposes. The latter wanted only to safeguard their capital and receive a good and consistent dividend; the former thought more of how to make "the cow calve," and bring in new premiums. And luckily for them, since the general body of shareholders was not difficult to deceive, being timorous, credulous, and ignorant, the directors generally found it only too easy to pledge them to some fresh speculative enterprise. The kind of enterprise which they proposed varied according to the fashion of the moment in speculation. During 1845 the rage was all for making branches and extensions of existing lines; but after 1846, when the making of branches had been so overdone as to become discredited, it became fashionable to buy up derelict canals or badly managed local lines, and tack them on as subsidiaries to the main concern.

When the directors of a company had planned a new project of this sort, they adopted various devices to work up enthusiasm, including the production of misleading statements of the high earnings made by supposedly analogous enterprises already launched. It was a prime device to capitalise their new projects by the issue of "preference shares" carrying a

guaranteed rate of interest, which would be offered to the shareholders of the original undertaking, in proportion to their holding of its stock. Obviously the richer shareholders (including the directors) would be better able than the poorer to take up these shares; consequently a distinction of aim would grow up between the two classes. The former would tend to care less for the profitable working of the original line, so long as they received their guaranteed interest on the preference shares; sometimes they sold out their "ordinary" shares altogether, particularly if they were able to arrange that the preference shares carried voting powers. Then the poorer shareholders, who had not been able to afford to buy preference shares, would be left to carry the real risk of loss. If preference dividends began to make serious inroads on ordinary dividends, there would be an outcry for retrenchment in the management, causing the adoption of panic schemes involving neglect of the permanent way or rolling-stock, reductions of staff and salaries, and increased danger to the travelling public.

It is not surprising to find that proposals for branches and extensions were often looked upon with suspicion by the ordinary shareholders. To steer their plans through the board and shareholders' meetings, therefore, the promoters had recourse to all sorts of unscrupulous devices, including the manipulation of notices, agenda, and minutes. If opposition was anticipated from the rank and file of the shareholders, both the capital and officials of the company might be employed by unscrupulous directors in buying up votes, shares, and transfers in order to make sure of a majority. The share register, being in the hands of the secretary, was sometimes manipulated and "coloured" by the admission of dummies, or by the exclusion on technical grounds of genuine but hostile shareholders. When the day of the meeting arrived, much would depend on the order of arrangement of the business—a matter controlled by the chairman. Votes involving large sums of money or permits to the directors to take "such steps as in their judgment they deem most expedient"

could be left to be adopted at the tail-end of the business, when most of those present had had to leave. And if all else failed, there remained always the use of proxies, bundles of which had been collected before the meeting by the company's solicitors, for placing at the disposal of the directors.

In all this double-dealing, the directors and their allies were enabled to do as they pleased because they could dip their hands into the capital of the company, and use it for illegal purposes. The shareholders were indeed presented at each half-yearly meeting with a "capital account" and a "revenue account," the former being supposed to show the expense of constructing, the latter the income and expenditure arising from working, their line. But so long as any new construction was going on, the capital account could not be closed; and in keeping the capital account open for an indefinite period lay the secret of manipulating the accounts. In theory it might appear that such manipulation would be difficult. For every railway Act contained provisions requiring the directors to keep full and true records of receipts and expenditure, to set forth exact balance sheets half-yearly showing their "capital stock, credits, and property of every description," with the company's debts and profit and loss; to provide for an independent audit by shareholders; to give shareholders opportunity of inspecting the accounts; and to pay dividends out of profits only, and not out of capital. In 1845 a supposed safeguard was added, requiring the directors to prepare an abstract of the accounts every year, for transmission, if required, to the local authorities in the counties through which their line passed.

All this sounds imposing enough, until we consider the loopholes which it left for evasion. The balance sheet of the company, though always produced and read at each half-yearly meeting, was usually printed, not in full, but only in abstract. Then the opportunities given to shareholders to inspect the accounts were more nominal than real. The books were put on view only a day or two in advance of the meetings,

leaving no time for serious analysis and comparison of the figures. Moreover, shareholders who had the temerity to demand to inspect the books at other than the recognised times were marked men in the eyes of the directors, liable to be punished by exclusion from participation in any lucrative schemes that the latter might devise. Another document to which access was difficult was the share register, in which were recorded the names of the shareholders and any transfers due to sales of shares. This register formed the basis of voting power at the meetings, and was liable to manipulation by the officials.

Again, the auditing of accounts was often but a solemn farce. The "independent audit by the shareholders" frequently took the form of an audit by one or two of the directors, or by prominent shareholders closely associated with the board. Down to 1849, when a Government auditor was compulsorily added to the company's own auditors, there was no real check of any sort on the operations of the directors, so long as they succeeded in satisfying their shareholders by paying an adequate dividend.

Finally, the accounts themselves were kept in a confused and unscientific form. If we examine the balance sheet of an average railway company of this period, what do we find? It contains, as a rule, no statement of the powers granted by Parliament, or how they are being exercised; no schedule of outstanding liabilities or claims upon the company; and no valuation of the company's property. No distinction is drawn between productive and non-productive capital expenditure, and no rules laid down to govern charges to capital or revenue account. Most balance sheets showed excessive charges for Parliamentary and engineering expenses. Many gave inadequate details of how the capital had been spent, particularly in the case of branch lines or subsidiary concerns—whose accounts were often withheld altogether. The directors often acted *ultra vires*, either by making loans to new projects without reporting them to the shareholders, or by commencing

new extensions and enterprises without their formal sanction, or by diverting funds allocated for one purpose to another which had never been discussed. And just as the directors strove to minimise the shareholders' power to control or limit their actions, so they tried to avoid having more frequent recourse to Parliament than they could help. Since Parliament forbade a company to raise debenture capital to more than one-third of the amount of its share capital, the directors created credits by issuing their own "loan notes" or even I.O.U.s, to cover debts contracted by the company. Finally, if recourse to Parliament for enlarged capital powers proved unavoidable, inflated estimates would be prepared, and the company ask for power to raise far more capital than it really needed for the outlay in question. And thus the directors would be able to withdraw their enterprise from the scrutiny of Parliament for long periods at a time.

Such was the system of railway finance prevailing at the time of the speculative mania of 1845. And such was the greedy horde of solicitors, engineers, landowners, politicians, stock-jobbers, contractors, and petty officials whom Hudson had set himself to control and lead into the promised land of Premium, at the expense of thousands of gullible investors and speculators. But since his operations were more widespread and his plans more complex and ambitious than those of any of his imitators or rivals, he needed collaborators and sub-ordinates to whom he could delegate a share of the responsi-bility for particular enterprises. At the centre of all stood the closely welded group of his personal friends and relatives in York. These controlled the York Council for him, helped to run the Union Bank, administered the York and North Mid-land Railway, and generally assisted to maintain his popularity and prestige in his native town. First there was George Baker, Hudson's elderly but loyal ally from the earliest days of his public activity, the trusted secretary of the York and North Midland Railway. Next was rough Cabrey, the engineer, the man on whom he relied in carrying out the engineering details

of many of his schemes of extension and reorganisation. Moreover, wherever possible, spoils in the form of contracts were reserved for York firms—as for example, C. T. Andrews, who built many of the biggest stations on Hudson's lines. In the third place, at the centre of York's municipal government, we find her experienced and respected town clerk, Robert Davies, who collaborated closely with Hudson not only in the council chamber, but also in the boardroom. A compact and energetic majority of aldermen and councillors kept the York Corporation ready to assist his railway schemes by petitions, negotiations, and concessions, whenever required. Meanwhile, his brother-in-law, Richard Nicholson, maintained his influence in other York commercial concerns, such as the Gas Company; and wily James Richardson, who was accused by the Radicals of playing Mephistopheles to Hudson's Faust, filled the rôle of Hudson's legal adviser and chief wirepuller behind the scenes. In the House of Commons there was always friendly support to be obtained from John Henry Lowther, the Member for York, who succeeded to his father's title and estates in the summer of 1844, and never forgot the debt he owed to Hudson's electioneering. And lastly, all the Railway King's plans and public activities were supported by a steady stream of publicity and propaganda in the pages of the *Yorkshire Gazette*, whose owner, Henry Bellerby, and editor, J. L. Foster, were among Hudson's oldest and closest personal friends.

Hudson's influence, at this time, indeed, pervaded York from end to end. Down by the railway station in Tanner Row you could see his name gracing the new street that connected the railway entrance with Micklegate. In Goodramgate you could peer into the windows of his old shop. In Monkgate you could, from the roadway, steal a glimpse of the private deer-park that he maintained behind his house. At the Guildhall you might chance to find him sitting on the magistrate's bench or at the Assizes—for he was now a Justice of the Peace for the county—or again in the City Council Chamber

presenting a report or moving a resolution. In the winter he never missed taking a prominent part in the annual Town's Meeting called to provide a soup kitchen for the starving poor. Nor did his generosity take only public form; he was fond of "doing good by stealth." All over York there were families which in times of embarrassment had received help from him, both solicited and unsolicited. Those "widows and orphans" to whom he was so fond of referring in his railway speeches, were no mere figment of his imagination. The cases in which he was known to have handed out a ten-, twenty-, or fifty-pound note to relieve suffering and hardship were legion. He was particularly kind to literary men, poor clergymen, and struggling artists; but he was also fond of promoting employees from the ranks, and treated his own domestic servants with generosity. His hot temper and Philistinism were counterbalanced by geniality and leniency, so that he was generally popular except among the few who detested his personality. In political and social life he had gradually succeeded in reducing his enemies in York to complete impotence. The Liberals on the York Council had shrunk to a mere quarter of its membership, and some of these (such as the first Mayor of the reformed Corporation, Sir John Simpson) had become connected with Hudson by business ties; only a few extreme Radicals persisted in a spasmodic and unsupported hostility to his plans and wishes. He stood in high favour with the Church, yet was not unpopular with chapel-goers. In short, wherever a civic enterprise was set on foot—the founding of a school, appointment of a chaplain, extension of an infirmary or dispensary, building of a public hall, reception of some dignitary or important visitor—Hudson was sure to be consulted and likely to be found in the forefront both in place and in action.

A somewhat comical instance of his public influence occurred in the autumn of 1844. At Hudson's suggestion, the York Council had invited the British Association for the Advancement of Science to visit York and hold its annual meeting

there in September. The invitation was accepted, and Hudson was appointed to act as host at a dinner to which the York Corporation invited the most distinguished of the visitors and scientists, at the close of the proceedings. But just before the dinner a fierce quarrel broke out in the geological section between theologians and geologists over the question of evolution. The combative Dean of York, Dr. Cockburn (who had once narrowly escaped being deprived for simony), bitterly attacked, as inconsistent with the Pentateuch, Dr. Buckland's *Treatise on Promoting Religion by the Study of Natural Philosophy*, and was as bitterly answered by Professor Sedgwick, who held the chair of geology at Cambridge. The Corporation now found itself in a fix. So hot were the feelings on both sides that the organisers of the dinner felt it was impossible to ask the Dean and the geologists to sit down together at the same table. But which side was to give way? All attempts at reconciliation proved a failure. "At length, Hudson, with his usual determination, cut the Gordian Knot by communicating with the professors in the following phrase: 'Why, gentlemen, I'm really very sorry, gentlemen, the affair can't be managed, gentlemen; but'—smiling and bowing—'the fact is, gentlemen, I've talked the thing over with the Corporation, and—*we've decided for Moses and the Dean!*' "

The group of Yorkists who followed Hudson were well repaid for their devotion. Arthur Smith wrote in 1848 that some of them had declared in public that they had sat down to dinner £20,000 richer than when they breakfasted—solely through being "in the know" of Hudson's plans. A good example of what this meant is afforded by Hudson's operations in connection with the conversion, in 1844, of the lease of the Leeds and Selby line into an outright purchase by the York and North Midland. In August, Hudson told the York and North Midland shareholders that, to raise the capital necessary, 6,700 new £50 scrip-shares would be created and offered to them for subscription in proportion to their original holdings. A 10 per cent dividend would be guaranteed on

paid-up capital, but at first only £15 per share would be called up. But, as an extra inducement to take up the shares, he held out a promise that if, in the interim, the company could borrow temporarily from the bank at the ordinary market rate of 3½ or 4 per cent, they would nevertheless pay the holders of these shares the difference between 10 and 3½ or 4 per cent —in other words, they would pay 6 per cent dividend *on capital not yet called up*. Naturally, the shares were eagerly snapped up on these terms, and were soon quoted at a premium on the Stock Exchange.

The scrip carried, however, a liability on the holder to meet further calls of up to £35 each when the directors chose to ask for them. But after one more call of £5 no further demand was made. Then, in September, the shares began mysteriously to rise in value. The premium grew and grew, till it was proportionately higher than the premium on the original York and North Midland shares. The fortunate holders were puzzled, and, conceiving the public were ready to give more than their real value for them, sold them largely —to a small clique of Hudson's friends, who were industriously but privately buying them up. At last, on October 28th, the cat was let out of the bag. Hudson announced that the directors did not intend to call up the £30 for the next eighteen months or more. They had arranged to borrow all the money they wanted at 4 per cent from a bank, and intended to go on paying the Leeds-Selby scripholders 10 per cent on the whole £50, less 4 per cent on £30. Thus they would receive 6 per cent on £30 capital which they were not to be asked to contribute for another year and a half. The *coup* caused a great sensation, particularly on the London Stock Exchange, where speculators who had "beared" the shares were hard hit. They had thought themselves perfectly safe, but now discovered that "they could never consider themselves safe where Hudson was concerned." No wonder his friends at York almost worshipped him. By 1845 just over a quarter of a million pounds of York capital lay invested in the York

and North Midland Railway and its subsidiaries alone, bringing an annual tribute of £20,000 into the city, to be spent among its shops or in employing its labourers.

Whenever required a "flying squad" of these loyal Yorkists could be called out by Hudson to strengthen his hand in one of the associated companies which he was directing. Ponderous Sir John Simpson, when he was not engaged in playing the Hudson himself in the London and Brighton Railway, served as a respectable figure to head a *claque* who would applaud Hudson's long pronouncements at shareholders' meetings; if necessary, he or Tom Barstow would move the indispensable congratulatory vote at the close of a meeting, or initiate the still more welcome suggestion of rewarding the chairman with a bonus of shares or a testimonial. However, Hudson was not so foolish as to rely on the light cavalry to win his battles for him. Battles there needs must be, from the very nature of his personality and ambitions. His inability to avoid giving personal offence by ill-timed jocosity, dictatorial manner or appearance of ambiguity in propounding details of policy, never failed sooner or later to raise up opposition and enmity against him. Therefore he preferred to leave nothing to chance; in each enterprise there must be local agents who could be trusted to control the machinery in accord with his wishes.

As a rule, Hudson insisted on placing his own nominees in the secretaryship, and aimed at securing at least one close collaborator on the board of directors of each of his companies. Then, being himself in the chair, he could feel sure that the business of each meeting would go as he wished. Thus, in the York and North Midland he had George Baker, and after his retirement in 1845, William Gray; in the North Midland, and later the Leeds and Bradford, the egregious Peter Clarke; and in the Newcastle and Darlington Junction (a post requiring special tact) his own private secretary and factotum, John Close. Similarly, he used as tools on the boards of directors, John Waddingham on the North Midland,

Midland, and Leeds and Bradford Companies; Robert Davies on the Newcastle and Berwick and Newcastle and Darlington Junction; and D. Waddington on the Manchester and Birmingham and, later, on the Eastern Counties. These fellow-directors were employed by Hudson to add their signatures beside his on the company's cheques, or to support and advise him in his negotiations for leasing, purchasing, or projecting other lines and branches. The remaining directors of his various companies he usually treated as mere ciphers, with the exception of John Ellis, the deputy-chairman of the Midland, whom he left to manage an important branch of that company's activities, its relations with its big neighbour on the west.

The principles upon which Hudson managed his numerous concerns were few and simple. As he himself put it, somewhat speciously, "I have never wasted, and I hope I never shall waste, the money of parties who have entrusted it to me. I have always held that the great security for the good management of a railway is that the line shall be remunerative. So long as an undertaking is remunerative, it will be well managed." A more common maxim in business is—so long as an undertaking is well managed, it will be remunerative. But Hudson's paradox corresponds exactly to his practice. To him the essentials for success were: keep the capital account open; always pay a dividend of 10 per cent or as near as possible; and always keep the ball rolling through the launching of fresh projects for expansion and new capital issues. So long as this cycle of events could be continued, and the accounts of the companies concerned be kept under his control, he had nothing to fear. Dividends were paid out of capital. If there was any sign of difficulty in raising new capital, dividends could be guaranteed, or interest offered on called-up capital before the line started working. And every new issue of capital meant a chance of premiums to those who held the older shares. So that—to put it crudely—Hudson believed in feeding the donkey with bits of its

own tail—a policy that served excellently so long as any tail was left.

Yet above all this system of management—above all these tricks of the trade, some of which Hudson used and others of which he scorned—there loomed the over-riding factor of personality. None of these deeds could Hudson have accomplished, unless he had possessed the sagacity and far-sightedness to plan on a mighty scale, and to execute with decision, and unless he had possessed the magnetic power of carrying others with him, even though they could not quite plainly see where they were going. Hudson was no great orator. He once admitted that he always looked forward to a railway meeting with trembling, but always left it rejoicing. Often he failed to convey the real significance of his plans, and yet somehow he carried his audience with him to a decision, and repressed opposition and criticism by his presence and manner alone. Here is a picture of him at the height of his power. "Mr. Hudson is not at all qualified to shine as a speaker. . . . Nature has not fitted him for such displays. He is of extra-aldermanic bulk; his frame is naturally broad and massive, with a tendency to develop every way but upwards. He is scarcely of the middle height, and very rotund; but his chest is broad and well thrown out, and though ungainly, and even clumsy, in his figure and movements, he is strong, active, and muscular. He walks with a great effort, his large arms swinging vigorously to aid the difficult action of his legs, yet he gets over the ground more rapidly than the average of men. . . . The more he grows in size . . . the more active he seems to be. His head is a formidable-looking engine; it is as round and as stern-looking as a forty-two pounder. In fitting it on the body, the formality of a neck has been dispensed with. The face carries a whole battery; the eyes quick and piercing, the mouth firm, a characteristic of resolution. The whole aspect is far removed from the ideal standard of Caucasian beauty, but it is stamped with power. . . . He speaks in volleys, with a thick utterance, as though the voice

had to be pumped up from cavernous recesses, and he primes and loads after each discharge. His words are just those that come first, chiefly monosyllabic, and not always marshalled by the best grammatical discipline; but although he seems to speak with difficulty, and almost to blunder, yet he succeeds in making himself thoroughly understood."

The combination of enthusiasm and distrust with which his audiences received his speeches at railway meetings is here amply accounted for. The Railway King was ahead of his contemporaries in vision, strategy, and national planning; but his mind moved too fast for full treatment of details, and his lack of education and refinement prevented him from acquiring by training and self-discipline the necessary tact and patience to carry the wits of his constituents as far and as fast as their wills.

CHAPTER VII

# HERCULES AND THE HYDRA
## (1844–1845)

"*Enter* Mr. Hudson *singing*

*Air—'Believe me, if all those endearing young charms'*

Believe me, if all those extravagant lines
They talk of so wildly to-day,
Were each made in the way its projector defines,
They're none of them likely to pay.
We should still go ahead, as this moment we do,
Let Denison prate as he will!
When around me I see such supporters as you,
I feel that he'd better keep still."

*Punch*, March 8, 1845

ON that afternoon in June 1844, when the first London train steamed into Gateshead, the power of the Railway King reached its zenith. For years yet to come his prestige was to rise and his achievements seem more dazzling; but all the while his domination over the railway world became really less sure, his enemies more numerous, and his strategic position weaker, than they had been. Imitators of his methods appeared, and powerful alliances of hostile interests were formed, which impeded the progress of his schemes, and even forced him to take the defensive. In 1844 Hudson's railway kingdom extended to an impressive and, indeed, unheard-of, length; but it was vulnerable at many points, and difficult to weld into a fighting unit. Thus, in the south its access to the metropolis depended entirely upon the goodwill of the London and Birmingham Railway. Then the Midland lines, though they tapped the resources of industrial districts, afforded only a roundabout route for travel between London and the north. And finally, the lines north of York lacked that unified management which had brought success to the Midland, and serious

gaps remained to be filled before the East Coast Route to Scotland could be opened. At every point down his long railway, therefore, from Rugby to Berwick, there was need of Hudson's personal leadership and supervision; whilst, since new projects were springing up like mushrooms on all sides, he must ever push forward with fresh schemes of his own, as well to forestall competition as to satisfy the premium-hunters behind him.

His first problem was the filling-in of the gap between Newcastle and Berwick. The line, as surveyed by George Stephenson, was to run, for the sake of easy gradients, close to the sea; but this brought it within sight of Earl Grey's estates at Howick, famous for their seclusion. Through the mouth of his eldest son, Lord Howick, Earl Grey intimated to Hudson that the railway would spoil the amenities of Howick House, and had therefore better be diverted inland at this point. In view of the expense involved, Hudson refused to make this deviation—whereupon Lord Howick announced his intention of forming a company of his own, and building a rival line through Northumberland. Selfish and short-sighted though the scheme might be, it received serious financial backing in London; and, more serious, an element of principle was introduced into the contest by the adoption for the "Northumberland Railway," as it was called, of the "atmospheric system of locomotion." This now long-forgotten method of propulsion involved the use of stationary steam-engines to draw the trains along by air pressure through a continuous pipe laid between the rails. At first the project seemed but a freak; but when Lord Howick secured the famous Brunel to act as engineer for his company, Hudson saw that the matter was becoming serious. He tried to come to terms with Howick, but the latter, now immersed in company-promotion, rejected negotiation; and so the issue between them had to be taken to Parliament.

In preparation for this struggle, Hudson spent the autumn of 1844 in reorganising the line between Darlington and

Newcastle. For soon after the opening of this line, he had discovered the disadvantages of having to co-operate with the small weak companies whose line he was using at the northern end. He therefore made up his mind to unify the control, and seized his opportunity to buy out the Brandling Junction Railway. His method was to purchase the line privately for himself and afterwards to persuade the Newcastle and Darlington Junction Company to take over the liability from him. New capital to the amount of £550,000 was raised to effect the purchase, in £25 shares, which speedily rose on the Stock Market to a premium of £20 each—so that those "in the know" gathered in nearly half a million of money in premiums. Two thousand of these shares were allocated by the grateful Newcastle and Darlington shareholders to their directors to reward them for their *coup*. Hudson, who was specifically referred to by the shareholder who seconded the resolution to make this gift, received 1,600 of the 2,000 shares, and Robert Stephenson 25; yet the former was subsequently charged with unauthorised appropriation of the shareholders' money to his own use. Perhaps more serious, however, was the accusation that, pending the ratification of the purchase by the Newcastle and Darlington Company, he had pocketed the whole earnings of the line for the months of June and July, amounting to £10,000, without allowing a penny for working expenses!

The autumn of 1844 may be taken as the time when Hudson, hard pressed by the growing complexity of his railway business, began to deviate from orthodox financial standards of conduct. During most of that year, though trade was reviving, the price of iron (the principal "raw material" of railroads) remained very low. The ironmasters foresaw a rise, yet dared not make large quantities of rails for stock, owing to the variety of patterns demanded by engineers. In October, therefore, the firm of Thompson and Forman approached Hudson and invited him to contract for 20,000 tons of iron on behalf of the Newcastle and Berwick Railway. At that time

his fellow-committeemen were too timid to take the risk; but Hudson himself, who favoured buying, replied that he was ready to back his own judgment by taking half the quantity on his own account. Three months later, in January 1845, the Committee of the Newcastle and Berwick Company changed its mind, and over Hudson's signature advertised for 20,000 tons of iron by tender. When Thompson and Forman undertook to supply two-thirds of this at a price nearly double that quoted in October, Hudson contrived to have 7,000 tons of his own iron included in the contract, thereby procuring for himself a profit of £38,500. His friends afterwards pointed out that he had refused an offer from another firm which would have brought him in a still larger haul of £50,000; whilst his enemies emphasised the irregularity of his conduct in deriving profit from a contract with a company of which he was acting as chairman at the same time.

Immediately after this transaction Hudson had to meet Lord Howick in open contest, and expose his "scheme for trifling with the gullibility of the public." Both the Newcastle and Berwick Railway Bill and the Northumberland Railway Bill came up in the Parliamentary Session of 1845. The real struggle took place before the House of Lords Committee, over the merits of the "atmospheric system." But here Hudson's allies in the engineering field proved invaluable. George Stephenson had already condemned the system as "only a gimcrack," and in spite of the support which it received from Brunel and General Pasley (the Government Inspector), the hostile evidence given by Robert Stephenson, Joseph Locke, and other engineers carried the day. The Lords refused to reject the Newcastle and Berwick Railway because it was not to be worked on the atmospheric system; and, this issue settled, Lord Howick withdrew his Northumberland Railway Bill at the end of June 1845. The building of the Newcastle and Berwick line, and of the High Level Bridge over the Tyne, went steadily forward from this date.

While Hudson was overcoming this obstacle to the completion of the East Coast Route at its northern end, further south a multitude of other problems were demanding his attention. Hostile interests were beginning to threaten the monopolistic predominance of the York and North Midland and Midland Railways. The business men of Leeds, dissatisfied that York had ousted their city as the chief pivot of travel between North and South, were projecting a new line from Leeds to Thirsk (a town half-way between York and Darlington), which would have the effect of by-passing York on the trunk route. Again, in the country to the north and east of York, rivalry was developing between the York and North Midland and the little Hull and Selby Railways. Hudson had begun to formulate the outlines of a gigantic plan whereby to his control of the east coast railways might be added control of the east coast ports and watering-places. To the north of York lay towns with undeveloped docks, from which great cargoes of coal and iron might some day be shipped, when once their railway communications had been perfected. Further south, he wished to complete a chain of watering-places between Hull and the Hartlepools by connecting Filey and Bridlington up with Scarborough by a coastwise line. But this brought him into conflict with the Hull and Selby Railway, which regarded this part of the world as its legitimate territory. Unable to sustain unaided a struggle with the Railway King, the Hull and Selby directors drew ever closer to the Manchester and Leeds Railway, which also was hostile to the York and North Midland. So the stage was gradually set for a mighty conflict up and down eastern England.

Anyone who looked at the railway map of England at the close of 1843 could not but be struck by the obvious neglect shown by promoters of East Anglia and its neighbouring shires. Though the country was flat and therefore suitable for cheap railway building, the thinness of the population and absence of large towns had hitherto deterred anyone from construction on a large scale. Yet the agricultural counties

needed railways badly, both to help market their farm produce and to supply them with cheaper coal. And as yet they were served only by two weakling lines, the Northern and Eastern, which ran from London up to Hertford, and the Eastern Counties, which extended from London to Colchester, and was planned to reach Norwich and Yarmouth.

Therefore it was but a question of time before the necessary enterprise and capital would be forthcoming to give this part of England the same facilities for trunkline communication as were enjoyed elsewhere. Now during the winter of 1843 trade was reviving, the rate of interest on money was low, and there was plenty of capital seeking investment. Old schemes, therefore, that had been mooted nine or ten years before, during the last railway boom, were brought out of cold storage; and suddenly, in the spring of 1844, a crop of rival projects sprang up for a line between London and York direct, offering a bewildering choice to the speculator, and alarming existing railways by a threat of competition.

Edmund Beckett Denison, M.P., was, like Hudson, a Yorkshireman, born at Leeds, but settled in Doncaster. Spare in frame but pugnacious by temperament, he brought to any enterprise which interested him a tenacity of purpose that made him a most formidable opponent. Eleven or more years ago, in company with a young London solicitor, Robert Baxter, he had sought unsuccessfully to persuade Hudson to bring a line from York southward to Doncaster. Now, during the spring of 1844, they interested themselves in a new plan for a London and York Railway, which was to start at Pentonville and run north through Barnet to St. Neots and thence by Peterborough and Lincoln to York.

The prospectus appeared in June and at once made a sensation in the railway world. Its Provisional Committee included ten peers and thirty-two Members of Parliament—among them the Whig representative of York. Hudson's old enemy, the Recorder of York, sat on the Board of Directors, and almost every town and county between London and York

contributed names to the provisional committee. The capital estimated to be required for the undertaking amounted to four-and-a-half million pounds, much of which was expected to be subscribed in London. For their engineer the directors succeeded in securing Joseph Locke, who had constructed the Grand Junction Railway and stood high in general estimation.

The new London and York Railway, however, was not without a rival on its own ground; for in April 1844 another group of promoters, using a survey by Sir John Rennie, had put forth a scheme for making a similar line between London and York which they called the "Direct Northern Railway." Only, unlike the London and York, this comprised merely a trunk line, without the many branches and offshoots proposed by the latter.

These new projects appeared at the very moment when Hudson was putting the finishing touches to his great Midland amalgamation, and they threatened to undermine the prosperity of his new kingdom almost before it had come into being. The long circuitous route between London and York via Rugby, Derby, and Normanton, would be hard put to it to retain the through traffic to the north, if ever the line through Peterborough and Lincoln—some thirty miles shorter—were made. Yet Hudson was confident, at first, that he could easily hold his ground, and characteristically could not help letting his Yorkshire contempt for London peep out. "I think London, as a place, is overrated as to the anxiety of people to travel to it; and I think the result of our traffic upon the York line shows that people do not travel to London as they do to other places."

So he comforted himself. But Hudson was not the man to take refuge in words, when deeds were wanted. The opening round of the great contest saw both rivals seeking allies. First Hudson sought to draw together in face of the common foe all those railway companies affected by the London and York proposal. He met Glyn and proposed to him an amicable partition of the whole of East Anglia into "spheres of

influence," which would be allocated to the existing companies (Midland, Eastern Counties, and London and Birmingham) to develop, thus squeezing out that "Ishmael of railways," the London and York. But before this plan could mature, the enemy had struck counter blows. Beckett Denison secured an alliance with the Manchester and Leeds Railway, which was projecting a new branch of its own south-east to Lincoln and Boston. Thereby the London and York Railway would secure access to the manufacturing districts of the West Riding and Lancashire. Moreover, encouraged by this success, Denison resolved to cut out the York and North Midland Railway by taking his main line direct into York to make a junction there with the Great North of England Railway. This was a daring move on the part of the London and York promoters. As Herapath observed, "they have actually scheduled some of our railway monarch's workshops at York. He will, therefore, have to fight, not merely for his bread and cheese, but for the butter too."

Denison and his friends had by now secured subscriptions for the capital they required, and were preparing to submit their scheme to the Board of Trade Railway Committee, prior to its consideration by Parliament. With its various accretions in the way of branches, the undertaking had now lengthened out to nearly 328 miles, which was far in excess of the Midland or any other line at that time. Moreover, most of the principal towns in eastern England had declared in its favour. Only in Lincoln, which a revision of the survey had relegated to a branch instead of a main line station, was trouble brewing; for in September 1844 a section seceded from the main body of the London and York promoters, and founded a new project of their own, for making a separate "Cambridge and Lincoln" line. Hudson watched this split, hoping in due course to turn it to his own advantage.

Meanwhile, the Railway King was gathering his own cohorts for the fray. After reducing fares and improving services on his lines, he called together the Midland shareholders at a great

meeting at Derby in October 1844, and, with a long speech vindicating his own conduct and policy, appealed to them for such a measure of support as few railway directors before or since have ever dared to ask. He asked the meeting to approve making application to Parliament for power to make three great branches from their main line, from Swinton to Lincoln, from Syston to Peterborough, and from Nottingham through Newark to Lincoln. He refused to disclose the route to be followed in any of these three projects, or to bind himself to carry any or all of them out; the details would only be revealed when the plans were lodged with the Board of Trade. Secondly, he asked them to allow their directors power to raise two and a half million pounds of new capital, and to decide in what form and when it should be issued. This amazing assertion of dictatorial power was received by the shareholders without a murmur of doubt or dissent, and the necessary resolutions were carried unanimously to the accompaniment of loud applause from the four hundred persons present.

Success was surely going to Hudson's head! His doughty opponent, Beckett Denison, was in Derby on the day of the meeting, and both before and after the proceedings happened to meet Hudson in a public room. "I'm going to ask the shareholders to give me two and a half millions of money, and I won't tell a soul of them what I'm going to do with it" —so he boasted to Denison as he went on his way into the meeting. And afterwards—"in a swaggering manner"—he was like a cocky schoolboy. "Well, I have carried my point, I have got the money, and I have not told a soul what I am going to do with it." No wonder his attitude antagonised and infuriated his rivals.

It was not as if even his fellow-directors were let into his secrets. On the contrary, he traded outrageously upon the feelings of respect and admiration which he inspired among them. Evans tells the story of how, when they found that he intended to keep them, too, in the dark, after vainly trying to

worm the secret out of him, they screwed up their courage one day to demand it. Accordingly they met much earlier than usual, and when their chairman arrived, all remained exceedingly quiet. "How now, gentlemen," said Hudson, "has anything happened?" "Only," replied one, "that we being equally responsible with yourself for what is done, are desirous of knowing the nature of your plans." "You are, are you?" rejoined the Railway King, "then you will not!" And the board proceeded to the next business.

Confident in the dictatorial powers with which he had been invested, Hudson was in high fettle, when the Midland shareholders assembled for their next half-yearly meeting at Derby on January 20, 1845. He had previously interviewed Lord Dalhousie, the chairman of the Railway Committee of the Board of Trade, and felt fairly sure that his own view of the "bubble" London and York project would prevail in its counsels. He had now armed himself with detailed facts and figures derived from George Stephenson, to support his condemnation of what he called "the most complete monopoly ever sought to be established." The capital of the London and York promoters, he averred, was utterly insufficient for the line. Their gradients were bad; and their approach to London lay through a thickly populated district, where the price of land would be enormous. "I have no hesitation," he went on, "in giving them a challenge. I will leave London by the Birmingham line with twenty carriages, and beat them to York—and, more than that, on a thick, foggy day, when the rails are greasy, I doubt whether my opponents will ever get there at all." Heartened by this defiance his followers loudly cheered their chairman who, as the plaudits died away, hurried off to catch his train home at Derby Station.

And then—by the irony of fate—whom should he see on the platform but his enemy, Denison, whose scheme he had just be belabouring so eloquently! Half-swaggering, half-patronising, he approached his rival and took a turn or two with him up and down the platform in front of the latter's

carriage. In Hudson's own words, "all passed off exceeding pleasant," until the guard's whistle warned Denison that it was time for him to take his seat. He stepped up into his compartment, and was leaning out of the window to say good-bye, when some imp of perversity put it into Hudson's head to repeat and embellish the phrase that had "gone down" so well at the meeting he had just left. The London and York Company, he puffed out, would never have raised enough capital to take their line as far as Grantham "if they had got it honestly." "Have a care, Hudson," retorted Denison, with a dangerous look in his eye, "I have warned you before now to restrain your language. I must remind you that *I* have been the main instrument in procuring the capital to which you allude!" "Pooh! No offence intended," replied the Railway King, "all I mean is that the London and York, not having obtained their capital, have united with another body in carrying out quite another object altogether, and therefore they haven't obtained their capital in a *bona fide* manner." Now the fat was fairly in the fire! Denison, losing his temper, flared up, called Hudson a blackguard, turned his back upon him, and when he attempted to explain that his reference had not been personal but to the London and York Committee as a whole, slammed the window of his carriage with the remark: "Hudson, I've done with you; go away!"



THE QUARREL BETWEEN HUDSON AND DENISON ON DERBY STATION PLATFORM
*Cartoon from Punch*

For a few moments longer the Railway King continued to stand, rather pathetically, outside the closed window reiterating his explanation of the unfortunate phrase, until the de-

parture of the train forced him to go back to his own carriage. Meanwhile, Denison was expatiating on his own injuries to the other passengers in his own compartment, who apparently disagreed as to the interpretation of what they had heard. The incident was not allowed to die a natural death. Denison trumpeted forth his wrongs at one meeting, Hudson answered him back at another. The eye-witnesses wrote separate and conflicting accounts of the matter to the Press. At last the wordy warfare was brought to a close by the ridicule of *Punch*, which scathingly remarked that "Mr. Beckett Denison exhibits the same extraordinary pertinacity in considering himself insulted as was manifested by the illustrious Dogberry, in having himself written down an ass."

Thus tempers were rising higher as the day of the Board of Trade Committee's examination of the London and York scheme drew nigh. Hudson—in spite of fierce protests from Leeman and Meek—forced the York City Council to petition Parliament against it; and it was soon seen that Lord Dalhousie and his colleagues were disposed to favour existing railways against new competitors unless special reasons to the contrary emerged. During February 1845 the usual crop of speculative rumours abounded; but at last in the middle of March the Report of the Committee was published, when it was seen that the Committee had swallowed down whole the figures and estimates which Stephenson had prepared and Hudson expounded at the Midland meetings, and had pronounced unfavourably on the London and York scheme, without giving the promoters a chance to rebut the criticisms.

This blow should, on the face of it, have proved decisive to the project; for the Board of Trade Committee had been set up expressly to advise Parliament on Railway Bills, and usually that advice was automatically followed. But the London and York Bill had already been introduced and had passed its Second Reading in the Commons. The promoters therefore only redoubled their propaganda, and announced their intention of pushing on with their Bill in spite of the Board of

Trade's disapproval. Thus Hudson's fear, expressed a year previously before the Select Committee, that Government decisions would not effectually bind Parliament to prevent the making of competing lines, was fully justified by the event.

Just as the London and York Bill was about to enter upon its most critical stage—examination by the Select Committee of the House of Commons—Hudson's energies were diverted to the north, where the posture of affairs forced him to unwilling action. The Manchester and Leeds Company—now allies of Denison and his party—had renewed their overtures to the little Hull and Selby Railway, which now found itself hedged in by powerful neighbours all of whom had designs upon its independence. Up till March 1845 Hudson was still urging the Hull and Selby shareholders to "keep their line as a free road to Hull." But when he saw that the directors were set upon accepting an amalgamation with the Manchester and Leeds, then he made up his mind to outbid them and make the position of the York and North Midland impregnable in East Yorkshire at all costs. Accordingly he made them the astoundingly attractive offer of leasing their line in perpetuity for a rent of 10 per cent on their capital, with an option of purchasing outright at a price of £112 10s. for every £50 share. No wonder the Hull and Selby shareholders refused to listen to their directors, and swallowing down his bait open-mouthed, voted acceptance of Hudson's terms on May 2nd. "We want Mr. Hudson," said the shareholders' champion, "to look upon Hull as *his* port. We want him to look upon the good old town of Hull as the port of the York and North Midland Company, the North Midland Company, the Leeds and Bradford, and the Midlands—in fact, we want him to look upon Hull as the outlet for all the goods and manufactures which he can bring from the many manufacturing and commercial towns to which he has railway communication. . . . Let Mr. Hudson identify himself with Hull."

The Railway King was now plunging heavily from one gamble into another. The absorption of the Hull and Selby

Railway brought him at once face to face with the problem of the Great North of England Railway—which formed the most important gap in his line of control from Rugby to Newcastle. Sometimes its directors had co-operated with him well enough; at others he had had cause to suspect the intrigues of the Recorder of York with some of his enemies. And now a parting of the ways had indeed been reached. The Great North of England directors committed the unpardonable sin —in Hudson's eyes—of looking with favour upon the London and York project. To them it seemed a desirable shortening of the route between London and Scotland; to Hudson, it meant good-bye to the prosperity of the Midland, and to the importance of the York and North Midland. The divergence between them grew rapidly wider. They had even approved of Lord Howick and his atmospheric scheme; and they frowned upon Hudson's project for a branch line from York to Harrogate. It was patent that the Gordian knot must here too be cut.

Rumours that Hudson was thinking of buying the Great North of England Railway had been noised abroad in the autumn of 1844. But no more was heard of the matter till May 1845, when suddenly Hudson made a dramatic move; he offered the shareholders terms which, in the words of their own chairman, "it would be absolute madness any longer to resist." They were invited to lease their line to his group of companies for five years at a guaranteed 10 per cent interest on all classes of their shares; and thereafter the Newcastle and Darlington Junction Company was to buy the whole line outright at the rate of £250 for every £100 share. The Great North of England shareholders would be paid off in 4 per cent stock—so that in effect they would continue to receive 10 per cent in perpetuity on their existing capital. The enormous advantage which they stood to gain from this arrangement may be deduced from the fact that in 1843 Great North of England £100 shares were quoted in the stock market at a discount of £40; while from the beginning of

1845—when it became known Hudson was angling for the line—they rose to a premium of from £38 to £45.

Even Hudson himself allowed the palpable one-sidedness of the deal. "I have made a great many bargains in railways," he confessed to the York and North Midland shareholders, "but this one is the hardest I ever drove." And he added: "I am candid to confess there may be some loss." The total capital so far expended on the line was £1,300,000; yet he was proposing eventually to create no less than three and a half million pounds of new capital to purchase it. The total earnings of the railway were no more than £75,000 a year; yet the guaranteed rent which he undertook to pay for it amounted, on his own showing, to £109,000 a year till 1847, and more after that.

In 1846 Hudson admitted, in evidence before a Parliamentary Committee, that he had paid more for the railway than its market value. He justified this by the argument that a unified management of the lines between York and Newcastle would effect economies in working expenses, and make it easier ultimately to unify the whole system between Rugby and Berwick. Meantime, as soon as the lease was granted, he reduced fares between York and Newcastle, and so gained public goodwill and guarded against the accusation of monopoly. Thus he could argue that the purchase "appeared more of a public advantage than a private one. I think the public was more advantaged by it than the company, in the economy of management, the reduction of fares, the greater accommodation of trains, the better arranging of the capital, and the advantage of the whole line being an independent company." "I may add," he put in, "that I had no personal interest whatever in the purchase of it, not holding a single share in the Great North of England at the time of its purchase, or in the Brandling Junction, or in the Durham Railway, or in the Stanhope and Tyne, or the Hull and Selby; in fact, in any railway of which I have become the purchaser, I had no interest to the amount of sixpence, directly or indirectly, in

any way whatever." He was, however, shrewdly reminded by Joseph Hume that his interest really lay in the raising of the new shares necessary to pay for these purchases. It was in this connection, as we shall see later, that the scandals broke out that brought him eventually to his ruin.

In the meantime, however, he demonstrated yet again how absolute was his hold over the three companies which he led, by obtaining their unanimous agreement to the leases of the Hull and Selby and Great North of England lines. So far, indeed, were the shareholders from criticising, that their attention was mainly directed to another matter which Hudson chose to raise at these meetings, in June and July—namely, the subscribing of a testimonial to George Stephenson, to take the form of a presentation of plate and the erection of a statue on the projected High Level Bridge over the Tyne. But testimonial bred testimonial, and Hudson's flattering friends and colleagues were quick to take up the idea and apply it to the Railway King himself. So a testimonial to Hudson also was proposed, and executed with greater alacrity than the testimonial to "Old George."

An ill-natured story, indeed, became current that *both* testimonials originated with Hudson himself. According to Bridges Adams, he himself drafted the appeal for his own testimonial, and drew up a list of persons, including engineers and contractors, who ought to subscribe to it—with handsome sums opposite their names. Then he instructed his secretary what to do with the list, "Send it to the newspapers first," he said, "advertise it, and clinch the matter. Nobody dare refuse; and the subscriptions are to be paid into my banker, to my account, to make things pleasant." George Stephenson, whose name was included in the list, denounced the trick and threatened to insert his refusal in the papers. But he was dissuaded by a host of directors, who warned him that his action would cause a calamitous fall in the price of railway shares.

While these negotiations and intrigues were proceeding in

the north, further south the Midland Company too was being forced to make yet more drastic extensions in self-defence. It found itself threatened, not merely on the east by the London and York project, but in the west also by the growing power of the Great Western Railway. The contest with the latter centred at Gloucester, the Great Western controlling the bulk of the shares of the Bristol and Gloucester Railway, while the Midland controlled the Birmingham and Gloucester Railway. After long negotiations, the Midland was driven to outbid the Great Western by undertaking a perpetual lease of both lines at a guarantee of 6 per cent interest on the capital invested in them. The new leases, which were negotiated by Hudson's vice-chairman, John Ellis, opened up the possibility of through traffic between Bristol and Berwick—but also imposed a heavy burden upon the finances of the Midland Company.

Nevertheless, Hudson's three railways had fortified themselves against their enemies as far as was humanly possible, when the curtain was at last rung up upon the next stage of the fantastic London and York drama. On April 28th the Committee which was to examine the London and York Bill met for the first time; and the proceedings which followed were protracted for no fewer than seventy days—a saturnalia of obstruction and intrigue. The Committee met in a tiny, ill-ventilated room—a sort of shed provided for temporary purposes pending the erection of the new Houses of Parliament. Into this shed were crowded 32 counsel, together with a host of witnesses, agents, solicitors, clerks, stockjobbers, and reporters, as well as private speculators. The Clerk at the House of Commons later remarked that the *smell* of the London and York committee-room would never be effaced from his memory so long as he lived!

The London and York promoters, through engineers, counsel, and witnesses, put forward the case for their scheme, and the Cambridge and Lincoln and the Direct Northern promoters also intervened at various stages. The Midland

Company, had, of course, no *locus standi* for demanding to be heard against the London and York project; but Hudson's object was to protract the labours of the Committee by all the means in his power, and if possible to prevent the Bill passing that Session. He therefore worked through a number of counsel, whom he employed at a daily expense of £3,000, to watch the enemy's case and point out flaws in it to critics or witnesses. And whilst the London and York Bill was thus wallowing in the trough of obstruction, he successfully steered through Parliament two of his own Bills for extending the Midland by branches into the Eastern districts.

So the Session wore on, and Members of Parliament grew more and more fatigued with their experience of the great question of "Tongue v. Time," as it was facetiously called. At the beginning of July, however, a welcome diversion occurred for Hudson, calling him away from the fœtid committee-room atmosphere to the breezes and sunshine of his own Yorkshire hills. For news had come that yet another of his cherished projects had reached fruition; the branch line from York to Whitby and Scarborough had been completed. Though it had been jerry-built and was notoriously insecure, the opening ceremony on July 7th passed off without a hitch. The Scarborough line passed right through the heart of Hudson's native country; and he had distributed free tickets to the squires and gentry of all the principal villages on the route. Consequently there was everywhere a grand "turn-out" to do him honour. At Howsham the train passed through a tiny station which he had built specially for his own personal access to his birthplace. At Castle Howard, Lord Carlisle supplied strong ale gratis to all comers, and Lord Morpeth entered the train. At Malton it was received with flags, a band, and a peal of bells; at Rillington with a triumphal arch; at Sherborne and Ganton with music and banners. On the outskirts of Scarborough crowds thronged the line; and finally in Scarborough itself every shop was closed, every workman took a holiday, and the Mayor and

Corporation, with ten thousand followers, marched down to the station to receive Hudson under a richly decorated triumphal arch.

After this ecstasy, the Railway King hurried south again, to see how the battle was going at Westminster. Slowly but surely, he found, Denison and his friends were fighting their way through obstacle after obstacle, in order to get their Bill passed before the end of the Session. Indeed, Hudson's triumph at Scarborough served merely to draw attention to the methods he was employing in the committee-room. On July 11th Lord Brougham complained in Parliament of "the manner in which money and time were consumed in the conflicting schemes before Parliament; and added that Mr. Hudson—King Hudson—was working with a twelve-counsel power before the Committee on the London and York line," with solely obstructive purpose. Now Hudson happened to be sitting in the gallery of the House of Lords listening to the debate; and at the conclusion of Brougham's speech, Lord Feversham sprang up to say that Mr. Hudson, who was present and had heard Lord Brougham (there were cries of "Order" at this) had authorised him to say that it was incorrect that he had interfered with the Committee—whereupon Lord Brougham cuttingly retorted that "the only sovereign entitled to be present at their debate was Her Majesty. The railway potentate had no right to be there." Subsequently Hudson, from the platform of the next Midland meeting, said that he had employed not twelve, but a mere four or five counsel to watch the proceedings on the London and York Bill.

But all this proved of little account. The merits of the London and York Bill had now been argued *ad nauseam*, and the long-suffering Committee was drawing to the close of its labours. Rumours as to the Committee's decision, and consequent speculation in the Company's shares, were rife. But at last, after adjournments, it was announced on July 23rd that the Committee (by the casting vote of its chairman) held the preamble of the Bill to be proved.

Yet, even so, the battle was not over. Hudson held still a card up his sleeve—a card which when played proved to be a trump. Denison and his friends had only just time to rush their Bill through its remaining stages before Parliament was prorogued. But Hudson, having failed in frontal attack, aimed his blow at another and weaker spot in their scheme. The London and York Bill had long ago passed the Standing Orders Committee of the House of Lords without challenge; but might it not be that, among the long list of persons named in the subscription contract, as ready to subscribe the capital, there occurred a few fictitious or irresponsible signatures, addresses, or descriptions? The mere suspicion was enough. Hudson set on a creature of his, named Croucher, to examine the London and York contract in detail, and pick holes in it if he could. Croucher, writing on House of Commons paper, circularised country postmasters to obtain information about the rank and means of those who had signed the contract. By these and other questionable means he provided his patron with a long list of "doubtful" names of subscribers, against whom it might be alleged that they were "needy persons or paupers" or using fictitious names and addresses. Henry Bruce, a respectable director of the Cambridge and Lincoln scheme (which Hudson now pretended to favour), was induced to sponsor a petition which was presented to both Houses of Parliament on August 4th, praying that the *bona fides* of the London and York project might be investigated before the Bill went through its last stages.

The Bruce petition did not stop the House of Commons from giving the London and York Bill its Third Reading; but this was Denison's last success. For both Houses then appointed Committees to inquire into the allegations; and one by one the wretched scripholders named in the petition found themselves called up to give account of themselves before each Committee. At last, on August 9th, the Committees presented their reports. Both agreed that Bruce had abused the right of petition by broadcasting allegations indiscriminately against

hundreds of perfectly honest investors, for obstructive purposes. But they were compelled to admit that in some few cases the charges made in the petition were well grounded. A charwoman's son, for instance, had been set down in the contract as a subscriber for £12,000 worth of shares; and a pensioner of the Charterhouse, whose sole personal income was 10s. a week, had obtained a large allotment of scrip simply on the strength of giving his rich brother's address. Altogether some £29,000 worth of shares had been applied for by persons who could not be traced, and £44,000 more by persons possessing no property. This was enough to lead the Lords' Committee to recommend that the Bill should not be allowed to proceed further until a fuller investigation of the contract could be made.

And so, at the eleventh hour, the work of the seventy-day Committee, of the counsel and the expert witnesses, of the promoters in Parliament and the speculators outside, was brought to a full stop. The veto of the Railway King had fallen—and the upstart project upon which he had frowned so disapprovingly found itself cast into a limbo of suspense between the two Houses of Parliament. For one more year, then, the monopoly of the Midland Railway was safe. For one more year its monarch had gained a breathing-space to consolidate his kingdom and to bring to fruition his plans for feeding eastern England with railways of his own devising.

CHAPTER VIII

# RIDING THE WHIRLWIND
## (1845)

"Railway Shares! Railway Shares!
Hunted by Stags and Bulls and Bears—
Hunted by women—hunted by men—
Speaking and writing—voice and pen—
Claiming and coaxing—prayers and snares—
All the world mad about Railway Shares!"

Verses in the *Illustrated London News* (1845)

AT the end of July 1845, while the fate of the London and York Bill was still trembling in the balance, Hudson found himself approached by a deputation of magistrates from the town of Sunderland. What they wanted he could hardly fail to guess. For just previously Earl Grey—Grey of the Reform Act—had passed away full of years and honour, and his eldest son, Lord Howick, Hudson's late railway opponent, had been called to succeed him in the peerage. Now Lord Howick was M.P. for Sunderland, a borough that had continued consistently Whig since 1832. His elevation therefore created a Parliamentary vacancy, which both parties sought to fill.

Sunderland seemed to offer a promising field to Radical and Free Trade propaganda; and the Anti-Corn Law League determined to seize the opportunity, and replace Lord Howick by one of their own champions. Colonel Perronet Thompson, therefore, one of their most active speakers, but a poor candidate and an unlucky politician, was introduced to the constituency. The Conservatives, on the other hand, after some hesitation, invited Hudson to stand on their behalf. Their choice was far from being based on purely political grounds; for it was hoped that if the Railway King came to Sunderland, he would rescue from almost certain bankruptcy the two

principal commercial undertakings in the district. One of these was the Durham and Sunderland Railway, "a mere landowner's job," with such bad curves and gradients that it could only be worked by fixed engines. The other, which lay on the north bank of the Wear, was "that indescribable abortion called the Wearmouth dock"; it was in the hands of the great Liberal landlord of Monkwearmouth, Sir Hedworth Williamson. But the Sunderland Conservatives intended that Hudson, in return for his election, should buy up these two derelict enterprises and so restore prosperity to the town.

Hudson was already thinking of entering Parliament, but had his eye on Whitby, where he had been promised the reversion from the sitting Member. But the invitation from Sunderland reached him at a psychological moment, when the struggle over the London and York Bill had made him eager for a seat as soon as possible. He soon reached a decision, and on the very day when the Select Committee announced its decision on the London and York Bill, the Sunderland deputation hastened back north to hearten their friends with the news that Hudson had consented to stand.

His prospects were considered good, since many moderate Whigs disliked the idea of voting for an advanced Free Trader, such as Colonel Thompson. But the Anti-Corn Law Leaguers were full of fight and, led by John Bright, spared no effort to elect their champion. They represented Hudson as a greedy profiteer; the Tories accused Colonel Thompson of being an atheist and a Socialist; while the Radicals retorted by throwing doubts on Hudson's own devotion to religion, and issuing a squib that a second Tory candidate, John Batteril of York (ghost of that William Bottrill who left Hudson his fortune) was about to join in the contest.

On July 28th, Hudson set forth in a special train from York with a band of four hundred of his fellow-townsmen, and made a triumphal entry into Sunderland. The High Street was thronged with spectators, and every house filled with ladies waving handkerchiefs, as he drove up to the George Inn in

a carriage drawn by four greys. There from a balcony he rewarded the expectant crowd with a first sample of his eloquence. "I am charged," he began, "with being a railway speculator, and in favour of the Corn Law. To both I plead in some measure guilty. It is all very well to *talk* about the poor, but I like to *act* for the poor. My opponents preach about the poor, while I give employment to the poor—without which many of them might starve (Loud Cheers). Away, then, with the charge of being a railway speculator! I say, if results such as the world believes flow from railways, I have been a benefactor to my country (Applause). Is it a charge against me that by these means I have made a fortune? Why, is there any gentleman that would not like to make a fortune of the matters he is connected with? Others have made fortunes too; and it is because I have made a fortune, and am independent, that I come here to ask for your suffrages to send me to Parliament (Cheers), that there I may crown all (Renewed Cheering)." Then Hudson turned from defence to attack. The repeal of the Corn Laws, he declared, was demanded by manufacturers "to enable them to employ more people at less wages." If repeal were to come about, "a great portion of the land of this country would be thrown out of cultivation (Hear! Hear!). Yes, gentlemen, those fruitful valleys and fields which are at once the delight and pride of this country—and which is the best cultivated country in the world—would soon become a desert (Loud Cheers). Those mansions which have been the residences of our aristocracy for centuries will be destroyed; and the return for all this will be the supposed advancement of some of our great manufacturing districts. But the home consumers are the best customers the manufacturers have, and if those are sacrificed, the manufacturing interests will share in the ruin."

This speech of Hudson made a considerable impression on his hearers. To counteract it, the Leaguers hastened to bring down both Cobden and Bright to strengthen Colonel Thompson's platform. Rumours were put about by the

Radicals that Hudson's return would harm Sunderland's shipping interests, since the Railway King would carry Durham coal to London by rail instead of by sea. But apparently the rumour carried little weight, and several prominent shipowners gave his candidature their active support. At last nomination day arrived, and Hudson ascended the hustings amid tumultuous demonstrations. In a second and even more picturesque address he replied to Cobden—who had just made a powerful speech against monopolists in corn and in railways—by inveighing against "the wild, visionary cotton lords of Manchester," who, he said, were making huge profits, but not raising wages. On the contrary, labourers had to combine to secure justice. "If the agricultural labourer suffers, the farmer and the landlord suffer with him. Not so with the cotton lords; for as soon as they cannot make money out of the poor man, they send him abroad on the world until another season of manufacturing prosperity calls for his services." Beside this appeal for working-class support—calculated to wean Chartists from Radicals—Hudson infused his speech with flattering references to "the fair sex," whose indirect political influence he evidently did not underestimate.

On the following day, August 14th, the strength of his candidature was vindicated. Though Cobden and Bright personally canvassed the electors, though the League sent out a signed circular to every one of its members in the constituency, by the evening Hudson had gained the victory by 627 votes against 497 cast for Colonel Thompson. On hearing the result the mob became excited, and the Riot Act had to be read and reserve police called in to quell the disorder. That night a special train, under Allport, the manager of the Newcastle and Darlington Railway, carried the news of Hudson's victory to London in eight hours; and by eleven next morning Allport was back in Sunderland with the London morning papers containing a full account of the event. The first copies arrived in the midst of the ceremony of "chairing" the new Member who, we are told, "with a countenance

beaming with animation," took and threw a number of them, one after another, from the hustings among the people. "See," said he, as he flung them into the crowd, "See the march of intellect!"

The Sunderland by-election, so spectacular in its conduct, had been watched with interest and amusement in every part of the country. On August 15th *The Times* described the contest as "a fortuitous collision between two great potentates of this our Iron Age. The king of railroads has inadvertently come across the League. . . . It is Titan against Titan. . . . The railway Lord promises great things which he will do, and which he undoubtedly intends to do, for his own sake as well as for Sunderland. . . . He offers to embrace the nymph with arms of railroads, and to make the sea her tributary slave. The cotton Lord is many-tongued and pompous. He promises peace and plenty, larders always stored, factories and pits always at work, fleets of ships departing with coal and returning with corn. The scene is peculiar. . . . Mountains and caves of coal, expanses of ocean, fleets of ships, clouds of smoke, tall chimneys, many-windowed factories, endless railroads, huge excavations, lofty viaducts, rushing locomotives, all mix together in one chaotic mass, through which two gigantic forms are dimly seen in deadly combat." But the real significance of the struggle was a paradox. Why should the League find it necessary to fight a man like Hudson at all? The Railway King, in view of the intimate dependence of railroads upon trade, might have been expected to be a supporter of Free Trade. Hudson, assumed *The Times*, would be converted in due course; at present he resented, like many others, the League's dictatorial methods: "it is the sin of the League that it will not let people alone." But *The Times* was wrong. Hudson's protectionist views were deep-rooted; for before he had ever promoted or managed a railroad, he had been a farmer's boy, and he retained throughout his career an abiding love of the land and a determination to defend its interests.

At no place did the news of Hudson's success arouse greater enthusiasm than at York, where it was taken as reflecting glory upon the whole city. Consequently, when Hudson, accompanied by his family, arrived at York on the afternoon of August 16th, he met with a reception which would have been fit for royalty, and was calculated to turn the head of any private person. At York Station there stood assembled to meet his train the Lord Mayor, the Sheriff, the Dean of York, Sir Stephenson Clark, Sir John Simpson, several county magistrates, twenty city councillors, many of the York clergy, a number of county gentry, the principal bankers, merchants, and professional men, and "nearly all the respectable tradesmen of the city." The Cathedral bells were rung, cannon were fired, and the whole city was beflagged. Deafening cheers and music greeted the arrival of the Railway King, who was drawn in procession through the streets of York, and afterwards fêted at a five-hour banquet.

The York celebration started an epidemic of banquets in the north-east which lasted far on into that eventful autumn. At Whitby, where he was entertained and flattered by the directors of the little Whitby and Pickering Railway, he spoke quaintly of "the great moral effect on the human race" which railways were producing; "by placing within easy access such magnificent scenery, they could not but lift the mind from nature to nature's God." Since, however, Whitby was small and possessed inadequate accommodation for visitors, he went on to advise them to set to and develop as speedily as possible all the eligible building sites, so as to be ready for the influx when it came.

Hudson always kept a soft corner of his heart for Whitby, and up to the very end of his life was busy with schemes for developing its amenities as a watering-place. He was popular with the fisher folk of the Yorkshire coast, who twice petitioned him to build a branch line northward from Whitby to transport their catch. But his popularity rested on something deeper than mere economic advantage. They loved him for his pride

in his own humble origin, and for the way in which he knew how to put off all arrogance when he came amongst them. It was the custom for these Yorkshire villages to give the nickname of "King" to any local worthy of outstanding stature or personality. And once, when Hudson at the height of his fame—probably in 1846—was visiting Whitby, it was arranged that he should meet two other such "Kings" face to face. And so there came together three "Kings"—Gawan Pierson, King of Goathland; Thomas Toddles, King of Staithes; and George Hudson, the Railway King. Hudson entered into the spirit of the joke; and the three men marched up to each other and saluted in solemn form, to the amusement of the bystanders.

After Whitby, it was Sunderland's turn. The Sunderland Conservatives' banquet on October 21, 1845, was intended to be a great deal more than an ordinary party celebration. For it was well understood that Hudson was to take the opportunity to say something about the material advantages which his return to Parliament might be expected to bring to his constituents. For fifteen years the business men of Sunderland had dreamed of making their town into a first-rate port, but all attempts had hitherto failed. But now——like a fairy godmother—Hudson arrived, with George Stephenson by his side, a day or two before the banquet, and asked to see the plans which they had made ready for building docks. Before five minutes had elapsed he electrified the promoters of the scheme by offering on the spot to make their docks for them—either by raising the necessary capital privately among his own friends, or by subscribing £50,000 towards floating a public company. The good folk of Sunderland eagerly accepted the second of these alternatives, since they preferred to share in an undertaking whose prosperity now seemed assured.

So the dinner of October 21st and the ball that followed it gave free play to rapture. "Mr. Hudson," cried the chairman, "is just the sort of man who *ought* to be rich." He is "a sort

of Chancellor of the Exchequer in railway matters. . . . He has provided business for the citizen, employment for labour, a field for the operation of the skill of engineers, trade for the shopkeeper, markets for our manufactures, channels of industry, and oceans of business unequalled in the annals of the world." These fantastic sentiments roused an echo in Hudson's own speech. "I do not see why," he prophesied, "you should not have cotton from St. Petersburg, and the produce of China and other parts of the world come to the port of Sunderland, provided you offer the required facilities. . . . Gentlemen, there is something in imagination. I don't say that it ought to govern us; but having formed our judgment, let imagination have a little play, and let us imagine we are going to be the Liverpool and Manchester of the world."

Thus at a stroke Hudson endeared himself to his constituents. That month he stepped in and bought, in the teeth of competition from elsewhere, the Durham and Sunderland Railway for £270,000, or rather more than double the recent market value of its depreciated shares; also Robert Stephenson's railway, the Pontop and South Shields, at the terminus of which, on Jarrow Slake in the Tyne, he purposed to build a fine new dock costing £200,000. He also leased to the Newcastle and Darlington Company the Hartlepool Dock and Railway, which linked up that town with his main line. Commenting on all these projects, *The Times* declared: "By these arrangements Mr. Hudson has secured almost an entire command of the railways in the northern division of the County of Durham, and it is calculated that he will be able to ship the coals of the great colliery owners, Lord Londonderry, the Earl of Durham, and the Hetton Coal Company, at Sunderland, at considerably less cost than they now incur by the use of their own private lines." Under these circumstances, it is no surprise to find Hudson appointed Deputy Lord-Lieutenant of Durham, and also entertained by Lord Londonderry at a distinguished country house party at the beginning of November.

In January 1846, of course, some of these projects began to come home to roost. Hudson had to explain to his other constituents, the Newcastle and Darlington Junction shareholders, that he wanted some of their money—the amount had now risen to £75,000—to subscribe towards the Sunderland Docks. But although the proposal was really *ultra vires* —for it never received Parliamentary sanction—it was accepted without a murmur. "I hope," said Hudson, "you won't think me guilty of a *job* in this matter (Laughter and Applause). If it *is* a job, I have taken a very large interest in it, and I would not recommend this company to take part in the construction of this dock, if I were not perfectly satisfied that it will be advantageous for you to construct it." Three years more were to elapse, and then those laughing shareholders were to throw back in the face of their idol these words, by which he was taken to have inculpated himself in a corrupt and illegal bargain.

Now whilst Hudson was laying his "Midas touch" upon Sunderland, to attach her to his fortunes as securely as he had already attached York, he never ceased to watch vigilantly over the interests of the York and North Midland Railway nearer home. Vigilance was indeed necessary, for the Manchester and Leeds Railway, thwarted in its ambition to reach Hull by Hudson's capture of the Hull and Selby line, was still scheming to penetrate the East Riding and undermine the monopoly of the York and North Midland. Captain Laws had thought out a new way to complete his coast-to-coast chain of lines between Liverpool and Hull, by building two new lines, from Leeds to York, and from York to Hull through Pocklington, Market Weighton, and Beverley.

As soon as Hudson heard of this latter project, he resolved to strike one of those sudden and resounding blows which so captured the imagination of the railway public of the whole country. He had already for some time been investing money in landed property, partly for social and partly for domestic reasons. He had planned in his own mind that for

each of his own sons who reached manhood, George, John, and William, he would provide a substantial estate that would enable them to take rank as county gentlemen. Thus in August 1844 he bought the Octon Estate, near Bridlington, and also a considerable piece of ground at Baldersby, near Ripon, in the North Riding. Suddenly, in quick succession, at the end of September and beginning of October 1845, the astonished world learned that the Railway King had added to his possessions two more estates—this time two of the finest and most costly country seats in Yorkshire. Earl de Grey had sold him his beautiful house and grounds at Newby Park, through which ran the romantic River Swale; and as the Newby and Baldersby estates were contiguous, when joined they made up a substantial, indeed a splendid, property. But Newby and Baldersby together were as nothing compared with Hudson's other purchase at the same time. For on September 27th it was announced that Hudson had acquired from the Duke of Devonshire the whole of Londesborough Park, twelve thousand acres in extent, which comprised the village of Londesborough, nestling on the edge of the wolds, and—what was more significant—a great tract of flat country stretching north of Market Weighton and occupying the best part of the area through which any new railway line projected between York and Hull must pass. In railway strategy, the purchase of Londesborough was a master-stroke, for it stunned Hudson's opponents into believing that there was nothing at which he would stop to get his own way or defend his interests.

Londesborough is said to have cost Hudson half a million pounds; and he hardly knew what to do with it when he had it. Yet he fully realised the publicity value of his acquisition, and an almost mystic enthusiasm for its embellishment took hold of his mind. At the very moment when he was completing the transaction, "a gentleman present casually said it was a dull village, and the dwellings all appeared miserable. And what was Mr. Hudson's reply? Not in the way of exciting

remark—it seemed involuntarily to burst from him: 'But *I* will make that village smile—*I* will make those dwellings happy!' " And, so far as in him lay, he kept his word. When the branch line to Market Weighton was built, Hudson erected a private railway station of his own at a point where the tip of the great park reached down to touch the line. Thence he made a carriage track straight as a die, for two miles or so across the meadows and up the rising ground between avenues of magnificent trees, to the very doors of Londesborough. There, had time spared him, he planned to build himself a family seat. And so, when occasion required, the villagers would have been able to enjoy the sight of the Railway King issuing forth from his palace and driving rapidly down in his brougham all the way to the snorting monster that was to carry him off to his speculations and his lobbyings, his banquets and his board meetings in York, Newcastle, Derby, or London. To-day, Londesborough Station has vanished; and the carriage-track is lost in swampy grassland where bullocks browse; but the mournful avenue still stands, and guards with dignity the ghostly splendour of Hudson's strange ambition.

Londesborough did more than check the ambitions of the Manchester and Leeds Company; it brought about the signing of peace terms between these long-standing adversaries. Even before the Londesborough purchase, both sides had grown conciliatory. The Manchester and Leeds was finding that it had bitten off more than it could chew in the way of distant extensions; whilst Hudson wished to avoid being charged again with monopolistic designs. Therefore, through the intermediary of Robert Stephenson, the two parties met, and on October 25th were able to announce a settlement of their dispute. The terms were that the Manchester and Leeds Railway was admitted as joint lessee of the Hull and Selby line, in return for withdrawing from all projects for making lines which might compete with the York and North Midland in the East Riding, and also—the main triumph for Hudson

—abandoning its alliance with the London and York Company. Thus Hudson had achieved his object of safeguarding his flank and rear from attack, whilst he devoted his full attention to the main theatre of war in the south.

The London and York Bill still haunted his thoughts like a nightmare. There would be no peace for the Midland Railway till the spectre was laid. Yet the costs of that summer campaign at Westminster had proved cruelly heavy; distribute the burden as best he might, he must charge the York and North Midland with over £30,000, and the Midland with over £50,000 as their share of these expenses. Such an effort could not be repeated; and after all, the London and York Bill had passed the Commons once, and its passage through both Houses next year was certain, unless—unless, in the meantime, the face of railways in eastern England could somehow be changed, and the delay of a year used to remove the pressing need which had justified the proposal to build that ambitious new trunk line from London to the north.

So Hudson resolved to try and create a through north and south line of his own. But to carry this plan through he had to take the most daring step of his whole career—nothing less than the transference of his headquarters into the heart of the enemy's country, and the removal of his banner from the provinces to the metropolis, where he could take up the command and direct the operations of war in person. Hudson made up his mind to reside in London, and to assume the chairmanship of the Eastern Counties Railway.

This railway, 150 miles long, was one of the largest in the country, and carried more goods traffic in proportion to its passenger traffic than any other line with a London terminus. But it was badly run; nearly three million pounds of capital had been spent upon it, yet the half-year's dividend at July 1845 was no more than a paltry 1 per cent. The main line was planned to connect London with Yarmouth, but had progressed no further than Norwich. The trains were notoriously subject to delays, and their passengers to incon-

Hudson's resistance, the check intended by Gladstone when he introduced his Bill of 1844. By the end of 1843 the country possessed round about 2,000 miles of railway, representing an investment of over £50 millions of capital; and there were persons who then supposed that the demand had been sated, and the country equipped with all the lines it needed! But they were soon undeceived by what happened during the next three years, which can roughly be summarised thus:

| Year | Miles of Railway Open on January 1 | New Mileage Sanctioned by Parliament during the Year | New Capital Authorised (£ Millions) |
|---|---|---|---|
| 1844 | 1,950 | 800 | 20 |
| 1845 | 2,150 | 2,700 | 59 |
| 1846 | 2,400 | 4,500 | 132 |

The significance of these figures appears plain when we remind ourselves that the total annual income of the whole kingdom at the time was estimated at no more than £200 millions. Since much capital was also subscribed in London during these years for building railways abroad, *The Times* cannot have been far wrong when in August 1845 it warned the public that the new projects were due to absorb a sum equal to the declared annual value of the whole of British exports, and greater than the whole public revenue. Spread over three years, the total calls upon the British capitalist would amount to over £30 millions a year, which must involve starving of capital other branches of industry. Another effect, which *The Times* did not notice, was to withhold expenditure of money upon charity, education, public health, and other social reforms which were so urgently needed at that time.

The worst feature, however, was not the investment of capital, but the speculation that accompanied every new issue of shares. In August 1845 *The Times* was already complaining that the premiums on the new shares issued during the past

twelvemonth amounted to £3½ millions, or 10 per cent on the total capital subscribed; and later this state of affairs grew much worse. From the start of the boom the Press—with few honourable exceptions—did everything in its power to fan the flames of speculation. The number of railway journals alone increased from three to twenty; and both they and the daily newspapers became stuffed with advertisements of new projects which squeezed into small compass their editorial columns, yet brought them in revenues of £12,000 to £14,000 a week. In inflated journalese the hack writers of these newspapers boosted the merits of railways, which, they declared, "are the wonders of the world. Omnipresence is one of the principles of their progress. Not content with making Liverpool their lineage home, and many sounding Manchester mistress of their choice, they are throwing a girdle round the globe itself. Far-off India woos them over its waters, and China listens to the voice of the charmer. The ruined hills and broken altars of old Greece will soon re-echo the whistle of the locomotive, or be converted to shrines sacred to commerce, by the power of those magnificent agencies by which rivers are spanned, territories traversed, commerce enfranchised, confederacies consolidated; by which the adamantine is made divisible, and man assumes a lordship over time and space."

The financial condition of the country was also favourable to speculation. After several years of stagnation, trade had become more active; money was abundant, and the rate of interest had fallen very low. From September 1844 to October 1845 the bank-rate was no more than 2½ per cent; consequently it was easy to borrow, and private bankers made liberal advances on railway securities, justified apparently by the constantly increasing traffic observable on all existing lines. The most cautious were deceived by this apparent prosperity. "They saw the whole world railway mad. The iron road was extolled at public meetings; it was the object of public worship; it was talked of on the exchange; legislated

for in the senate; satirised on the stage. It penetrated every class; it permeated every household; and all yielded to the temptation. Men who went to church as devoutedly as to their counting-houses—men whose word had ever been as good as their bond—joined the pursuit. They entered the whirlwind, and were carried away by the vortex. They first cautiously wrote for shares in the names of their children, and sold the letters at a price which, while it consoled them for present turpitude, tempted them to fresh sin."

The year 1845 wore on and the mania grew more and more pronounced, as the number of new railway companies registered increased week by week. All the leading engineers such as Brunel, Locke, Rennie, and Vignolles, found themselves in urgent demand; only "Old George" Stephenson, in his retirement at Tapton House, kept aloof, but his son Robert made good the deficiency by being connected with thirty-four separate lines! The burly figure of Hudson, surrounded by an admiring group of followers was often, to be seen in Stephenson's offices at 24 Great George Street, Westminster, which were so crowded with persons seeking interviews that they presented the appearance of the *levée* of a minister of State. The engineers generally played a leading part in "boosting" new projects, by reporting favourably and giving evidence on their behalf. Still greater was the call for surveyors—indeed sixty employees of the Ordnance Department, whose terms of appointment entitled them to enter on land without permission from the owner, were induced to give up their situations by the lucrative offers they received from railway promoters. The demand for labour of all kinds increased; the price of iron nearly doubled; solicitors, stockbrokers, and estate agents shared in the shower of wealth that seemed suddenly to descend from the skies.

Those who could not gain a job from railways contented themselves with speculating in shares. Every class of the community was drawn into the net. A return called for by

Parliament, to show the number of persons who had subscribed more than £2,000 in railway undertakings, included the names of 900 lawyers, 364 bankers, 257 clergymen, and 157 Members of Parliament, besides large numbers of noblemen, merchants, and manufacturers. In London during the latter part of the summer we are told that "the neglect of all business has been unprecedented; for many months no tradesman has been found at his counter, or merchant at his office, east, west, south, or north. If you called upon business you were sure to be answered with 'Gone to the city.' . . . All rule and order are upset by the general epidemic, as in the Plague of London, when all ties of blood, honour, or friendship, were cast away."

The railway prospectuses poured forth from Moorgate Street and Gresham Street: the railway speculators swarmed about Change Alley and Capel Court. At the Royal Exchange every morning the omnibuses and coaches discharged a flock of stockjobbers from the suburbs. In the provinces similar scenes were enacted. At Leeds four share markets were opened, and even York had its own stock exchange.

The fever continued to rage and increase so long as money was cheap and abundant, and it was easy to take up scrip and pay a trifling deposit with borrowed cash. But the politicians were alarmed at the drain of the nation's resources into railways. *The Times* thundered warnings against speculation, and even the chairmen of the leading railway companies grew terrified, as "bubble" projects for new and competing lines multiplied week after week. At last, in October, the Bank of England raised its rate of interest; and an immediate revulsion of sentiment, from enthusiasm to panic, followed. Shares fell in value, advertisements were withdrawn from newspapers, many projects were dropped, applications fell off, calls were not met, and loans began to be demanded for repayment. But the check was merely temporary; for the projectors of the innumerable "bubble" railways had by now prepared their surveys and plans, appointed their committees, collected

their deposits, and made all ready for the necessary approach to Parliament in the New Year.

Sunday, November 30th, had been fixed by the Board of Trade as the last date by which plans for new lines must be deposited at its offices in Whitehall. Amazing scenes were then witnessed in every part of the country, in connection



THE RAILWAY JUGGERNAUT
Leech's cartoon of the Railway Mania. *Punch*, 1845

with the frantic last-minute rush of more than 800 groups of promoters seeking to be in time with their plans. Riots of depositors took place in Preston and Mansfield. The main roads to London were blocked with coaches, and the trunk lines with special express trains—one of which actually steamed 118 miles in an hour and a half! Naturally, established companies tried here and there to refuse railway facilities to the promoters of competing lines; in one such case, the

baffled agents procured a hearse with all the paraphernalia of mourning, placed plans and clerks inside, and dispatched it to town by special train.

During these months of frantic speculation, Hudson was mostly in the north of England, and his name was not specifically associated with any of the more notorious "bubbles" of the time, except the Manchester and Southampton and the Manchester, Liverpool, and Newcastle Junction lines. Nevertheless, it was his spirit that inspired the mania. The Railway King, controlling now almost a thousand miles of line, seemed to the popular mind the outstanding example of success achieved by company promotion; his spectacular purchases of old railways and easy launching of new ones; his rosy promises to shareholders, and demands for enormous capitals for leases and extensions; his luxury, his fabulous hospitality, his investments in land, his quaint political speeches, and his masterly manœuvres in boardroom and lobby—all conspired to make him the central figure of the drama, credited with fantastic ambitions, and with power to achieve the impossible.

Actually, while the mania was reaching its height, he was running about from one banquet to another, and visiting now the seat of Lord Londonderry, now that of the Prime Minister, now that of the Duke of Leeds. It was thirty-two years, he told them, since he had first come to York; and now the time had arrived when he must leave his beloved city, and take up his abode in that "overrated" place, the Metropolis. In a blaze of glory and amid a profusion of largesse, he prepared to take his seat in Parliament in the New Year. Sunderland was satisfied with his gifts; York adulated his name; Westminster eagerly awaited his first speech. Symbol of the whole triumph—most comforting symbol, since it took the form of hard cash—was the great Testimonial, which had now been thrown open to the general public and was listed in the principal papers. Subscriptions were indeed pouring in from every county in the kingdom, and from every class of persons who had benefited through his operations. Peers,

directors, politicians, engineers, contractors, and lawyers contributed their fifty or a hundred guineas, till the total was swelled in three months to close upon £30,000. Even literary intellectuals felt the glamour of Hudson's achievements, and added their mite to the tribute. Probably the most interesting of all the names to be found in the list of subscribers are those of Emily Brontë and Anne Brontë, who felt impelled to send £1 each. Even in the Brontë family, however, there were exceptions; Charlotte did not feel called upon to subscribe, but rather tried to persuade her sisters to sell out their holdings in York and North Midland stock while the going was good. They lived to regret, when the slump came, that they had not taken her advice.

And one other voice was raised in doubt—that of Hudson's oldest ally and, in some sense, the architect of his fortunes. "Hudson has become too great a man for me now," wrote George Stephenson privately from his retirement at Tapton House. "I am not at all satisfied at the way the Newcastle and Berwick line has been carried on, and I do not intend to take any more active part in it. I have made Hudson a rich man, but he will very soon care for nobody, except he can get money by them." Thus bewildered, and perhaps a little chagrined—since his own testimonial had been forgotten in the rush to honour the Railway King—the great engineer watched his old friend scramble still further up the dizzy heights of fame, and wondered how soon the inevitable fall which he feared would come about.

CHAPTER IX

# APOTHEOSIS

## (1845–1846)

> "It is time that the country should pay such tribute as is due to those skilful and bold railway speculators who, avowing private wealth to be their aim and motive of exertion, seek indeed to reap what they have sowed with no ordinary risk and difficulty, while they rejoice to see the nation reap what it did not sow, and share in the noble harvest which was produced by their labours, and their labours alone."
>
> *Anonymous letter to Gladstone, March* 1844

ON the north side of Knightsbridge, where the Albert Gate admits to Hyde Park, stand two large mansions with conservatories, projecting porches, and broad entrance steps, which unmistakably recall the architecture of the early Victorian period. They were built as a speculation by Sir William Cubitt, when in the early 'forties the suburbs of London began to creep out beyond Hyde Park Corner towards Kensington. The houses were popularly known, from their situation east and west of the narrow carriageway, as "Scylla and Charybdis," and that which stood on the east side was said to be the largest private house in London at the time. This was the palace chosen by the Railway King, and made ready for his occupation when he travelled up to town on January 21, 1846, prior to taking his seat in Parliament the next day. The price which he had paid for Albert House was £15,000, and another £14,000 was spent upon its furnishing and decoration.

Hudson was now a millionaire—with Crockford the gambler, probably the first self-made provincial millionaire to settle in Victorian London. In the Parliamentary return, made in 1845, of persons subscribing to railway contracts, the total amount of his subscriptions is given as nearly

£320,000. The bulk of this was placed at the time with the Newcastle and Berwick Railway; but Hudson was continually changing his investments, and kept but a comparatively small holding of shares in the older-established companies which he controlled. To his railway investments we may add the value of his landed properties, six or seven hundred thousand pounds at least; and of his interests in other commercial or industrial concerns, such as the Sunderland Docks, the Clay Cross Collieries, a plateglass factory at South Shields, and the York Union Bank. Hudson's success was hailed by all classes as a portent of general prosperity; he became a symbol of the power to "get-rich-quick," which appealed to the gambling instinct latent in human nature. The details of his everyday life were published in every newspaper, so that he and his family lived in the full glare of publicity such as a modern film star might envy.

But he himself never pretended to be anything more than a self-made capitalist. Indeed it was said, "Mr. Hudson represents, in his own person, in exaggeration, the merits, the faults, and the chief characteristics of the important class to which he belongs.... An indomitable will, a determined perseverance, and a disposition to bear down all obstacles—to consider all opponents (while opponents) as enemies, and to treat them as such—these qualities, seconded by excellent habits of business, considerable practical knowledge, and unusual powers of calculation, seem to have constituted the force of Mr. Hudson's genius for management. . . . So proud is he of having sprung from the people, and of having been the architect of his own fortunes, that he occasionally allows his independence to degenerate to something approaching to rudeness and arrogance." This is a mild way of putting it. There is evidence in plenty that Hudson habitually and unconsciously domineered with the greatest arrogance over his colleagues and subordinates—a trait of character which was continually involving him in personal quarrels and awkward scenes in public and in private.

In the conduct of affairs Hudson possessed several disconcerting habits which helped to mesmerise his audience into a half-unwilling, half-admiring acquiescence in his plans. One of these was his practice of juggling with figures. "He would throw his head on the back of his chair, cover his eyes with his hands, arrange expenses, and form the most elaborate combination of figures. In this way he would calculate the dividend of some unfinished line, and the dividend arrived at generally proved true." Another trick or peculiarity was his power of following two or more conversations proceeding simultaneously in different parts of the same room. An instance of this is given by Lord William Lennox. "At a dinner party the Duke of Buckingham made some remark which Hudson, while talking to me, overheard. So, turning away a moment, he said, 'I beg Your Grace's pardon, the line you refer to will soon be a paying one.' " But Hudson's apparent omniscience in railway matters was founded on a real knowledge of the facts. He was not merely a speculator and company promoter, but also a tireless manager of railways. He examined personally every department of every line with which he was connected, visited each office, regulated the duties of the staff, and minutely annotated all correspondence and memoranda. He received on an average a hundred letters a day, and prided himself on his punctuality and courtesy in answering them.

This mastery of petty detail was one of the secrets of his long-continued success: it also contributed to his power of overawing those with whom he transacted business. "If you called upon him," it was said, "—and to go for no adequate reasons was worse than to enter a lion's den at feeding time without food—you found him immersed in a multitudinous sea of papers (estimates, evidence, correspondence) surrounded by clerks, giving audience to deputations, or Members of Parliament, or engineers. He affected, or required, a lofty economy of time. Your business must be ready cut and dried. He listened, not always patiently or politely, but with sundry

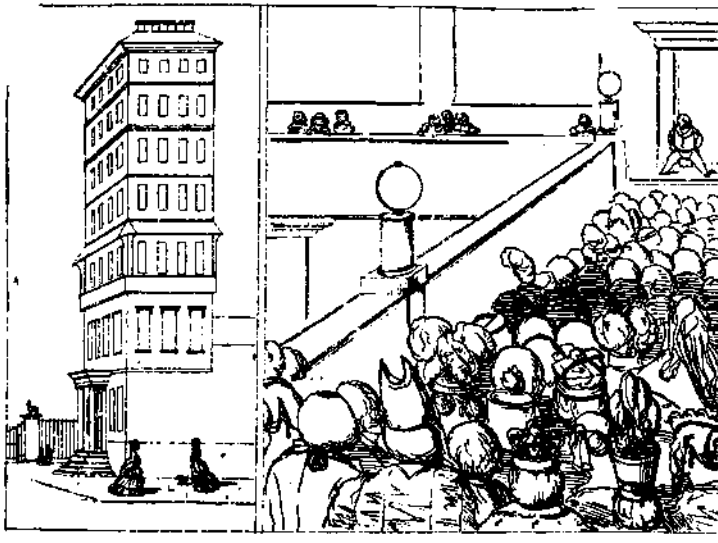
fidgetings and gruntings, to your story, gave you an answer in a few brief monosyllables, turned his back, took up the affair that came next, and—you were shown out!"

Such was the habitual business manner of a man whose chief failing, according to Francis (though he admitted it was a remarkable thing to say of him) was his leniency. If Hudson easily took offence, and carried partisanship into every matter of disagreement, he was also quick to forgive and ready to help others. The stories told of the Railway King's generosity are too numerous and too consistent to be disregarded. One day, for example, when calling upon a brother tradesman in York, he advised him to purchase shares in a particular railroad which he named—at which his poor friend smiled in derision, asserting his utter want of means and consequent incapacity to avail himself of the offer. "Never mind," said Hudson, "I will arrange that for you." And in a short time he called again on his old associate with a cheque for several thousand pounds—the fruits of the speculation.

But his bursts of generosity were not confined to friends and clients in the world of commerce and speculation. He was capable of similar acts towards individual employees on his railway, although, as we have seen, his general policy of administrative economy usually involved ruthless wage-cutting and exploitation of labour. Upon one occasion, he kept the guests at one of his banquets waiting for hours because his conscience pricked him concerning one of his employees. As he drove to his appointment, his route lay by a new line, at the various parts of which the staff were ordered to be present. One man failed to appear and Hudson ordered his instant dismissal. But, "as he proceeded it occurred to him that the punishment was harsh, that the man was a poor man, that he had a large family, and he determined to annul the sentence at some future period. He proceeded yet further; and when he thought of the sorrow which the man would bear to his home he drove back many miles to revoke

the decree; and he did revoke it, though he kept his courtiers waiting at the feast."

The counterpart to this benevolent despotism—savouring more of the Baghdad of Caliph Haroun-al-Raschid than of the England of Queen Victoria—was the sycophancy and toadyism which it evoked among the aristocracy. Almacks, it was said, was forsaken when Albert House was full. "The ducal crest was seen on the carriage at his door. Foreign potentates



ALBERT GATE—INSIDE AND OUTSIDE

From a series of satirical drawings by "Crowquill" (*How He Reigned and How He Muzzled—A Railway Raillery*)

sued for his society. The coronet of the peer was veiled before the crown of the Railway King. The minister paid his court, and the bishop bent in homage. The ermine of the judge lost its dignity, and the uniform of the officer its pride. The Christian banker and the Hebrew capitalist alike acknowledged his greatness." Albert House, in short, became a centre of pilgrimage for all those who sought favours and investment "tips" from the mouth of their idol. Yet those who were so ready to take, were by no means so ready to

give. London society at this time was highly exclusive, and the great ladies who led it were careful to keep at arms length these *nouveaux riches* whom their husbands were so assiduously courting in matters of business. During the 'forties, Lady Dorothy Nevill long afterwards recollected, "there were rumours of Hudson, the Railway King, and his wife; but they were never in Society, which, however, was amused by the reports of their doings which reached it."

A vast amount of malicious gossip was circulated concerning Mrs. Hudson in particular. She was as shrewd as Hudson in her own way, and had a trenchant manner of hitting off people's characteristics, as when she said of an unreliable acquaintance, "He is like a pat of butter on a hot plate—you never know when you have got him." But no doubt her homely Yorkshire wit gained her many enemies in fashionable drawing-rooms. She was soon labelled as monstrously extravagant—chiefly, it appears, because she insisted on sending her daughter Anne to a first-class "finishing" school in Hampstead. Mrs. Hudson also acquired the reputation of a Mrs. Malaprop. Innumerable drolleries were current on this topic, especially touching on the fashionable habit, adopted by all ladies who pretended to breeding, of interlarding their conversation with French words and phrases. Society was sufficiently amused to hear that Mr. Hudson had sent to Groves, the Bond Street fishmonger, for some gutta-percha soles, and returned to Wyld one of a set of globes—terrestrial and celestial—as they were not pairs. But the sniggers grew to guffaws when, during the Railway King's first session in Parliament, it was learned that he and his family were to spend the Easter recess in Paris. The stories that went the round of the *boudoirs* emphasised the utter John-Bullishness and Philistinism of the Hudson family during their excursion. Mrs. Hudson, someone would say, had refused to stay at the *Hotel de l'Amirauté*, to which they had been recommended, because the sign *Ami Rôti*—"roast friend"—was "so thoroughly disgusting that she could not think of patronis-

ing such a hotel." Immediately upon her arrival in Paris (another smart gentleman would cap the tale), she ordered her maid to call upon Messrs. *Droit et Gauche*, and desire someone from their establishment to wait upon her, adding that "they must be the most fashionable *cordonniers* in Paris, for she saw their names in every pair of French shoes." Yes (a third snob would add), and she also ordered the "gassoon" —as she called the waiter—to bring Mr. Hudson a "tire-bottes" for dinner, meaning a turbot; "when, much to the surprise of her *sposo*, the *garçon* brought him a boot-jack."

No doubt many of these stories partook more of the nature of folk-lore than a creative literature. Nevertheless all the gossips in Mayfair could not prevent the Hudsons from appearing as a new Wonder of the World. The orgy of flattery which they excited reached its height on the evening of March 21, 1846—at which hour we may allow that George Hudson ranked but little lower than Queen Victoria herself. The Marquis of Northampton, President of the Royal Society, was giving a *conversazione* at his mansion in Carlton Terrace, which was thrown open to Fellows of the Society. To this reception came the Duke of Cambridge and Prince Albert, prepared to be introduced by Lord Morpeth to the celebrity of the hour, the Railway King. An eyewitness has left us an unforgettable account of the scene. "Representative men—men who had done something—were present by the hundred. England's greatest authors, greatest sculptors, greatest painters, greatest inventors, greatest philanthropists, greatest statesmen, greatest physicians, greatest engineers, greatest captains, jostled each other in the crowded rooms. Amid the constellation of celebrities, there were two men round whom the crowds circled, let them turn which way they would—bright particular social stars each with revolving satellites, and both receiving the deference of the great and noble as their right. One was the late Prince Consort, the other was Geo. Hudson. They looked rival monarchs, each with his obsequious courtiers round him, and divided pretty equally the honours

of the evening. Those who were not able to come within speaking distance of the great men waited patiently, and as near to the charmed circles as they could. Suddenly there was a movement, and a gentleman was seen to pass from the Prince Consort's followers and to make his way to the little court which hemmed in the Railway King. It was like a plenipotentiary carrying a message between neighbouring potentates. 'The Prince has asked to be introduced to Mr. Hudson,' was buzzed from mouth to mouth, and then men stood on tip-toe to watch the interesting interview. The



KING HUDSON'S LEVÉE
*Punch*, 1845

burly, broad-shouldered man in the blue coat with the gilt buttons made his way slowly towards the intellectual-looking, high-bred man who wore the ribbon of the Garter. It was not given to outsiders to hear what passed. There was a bow on the one side, and a gracious remark on the other; and then, mercy on us! came a sound seldom heard in that exalted sphere. Ears were surely playing their owners false, for it seemed as if a hoarse laugh came from the aristocratic holy of holies, and as if the gentlemen near Royalty joined in the unseemly mirth as nearly as etiquette allowed. 'What did the Prince say to Mr. H.?' and 'What did Mr. H. reply to the Prince?' were now the questions of the night; and then

it became known that the Prince Consort, ever anxious to increase his stock of knowledge, had asked Mr. Hudson's opinion upon atmospheric railways, concerning which there was then much discussion in the scientific world. The oracle spoke freely. 'I think they're a humbug, Your Royal Highness,' was the bluff reply, and its idiomatic directness was almost too much for the gravity of the Prince himself!"

Such was the impression which the Railway Millionaire and his wife made upon the fashionable world of London during 1846 and the two following years. They were lionised and despised, courted and sneered at by the very aristocrats who were not ashamed furtively to finger their money, and to dabble in the speculations which they recommended. It is an unedifying picture—worthy the satire of a Juvenal or the mockery of an Aristophanes!

Happily there were exceptions to the prevailing spirit of snobbery—real aristocrats who were prepared to requite with kindness. "When Hudson was in his quasi regal power, the highest in the land did homage to him, and sought his advice. Among others the Duke of Wellington one day came to him in a somewhat distressed state of mind. He had a sister who had invested a large sum of money in one of the new railway ventures, the shares in which had depreciated to an alarming extent, so that there was danger of her losing every sixpence of her investment. Accordingly, the Duke called upon Mr. Hudson in London, told him of his sister's misfortune, and inquired if he could help her out of her difficulty in any way. Hudson quietly took in the situation, told the Duke he would think it over, and requested him to call again after a certain interval, which he named. In the meantime, Hudson began to buy some of the shares in this rotten concern, and then after a short interval got a few more, and so on. The public got wind that Hudson was buying these shares, and they soon began to rise, till they reached quite a high figure. On the appointed day the Duke called again to see Hudson, and asked what was to be done; whereupon he was advised that



HUDSON EXPLAINING RAILWAY MATTERS TO THE DUKE OF WELLINGTON

From a series of satirical drawings by "Crowquill" (*How He Reigned and How He Muzzled—A Railway Raillery*)

his sister should sell the whole of her shares, which she promptly did. The Duke called again, and thanked Hudson profusely for what he had done for his sister, and inquired if there was anything he could do for him in return. "Naw, thank you," was the blunt reply, and the two took leave of one another. But just as the Duke was going out of the door, Hudson stopped him and said that he thought there was just one thing that His Grace might do for him; and he then explained that he had a daughter at a school close to London, and that the girl was not happy there because her schoolfellows gave her the cold shoulder in consequence of her plebeian descent; and he asked if the Duke would be so kind as to call and see his daughter, to which he readily assented. Accordingly, a few days afterwards, the Duke was seen riding through the Park, carrying a beautiful bouquet, on the way to the school. He arrived at the house and inquired if Miss Hudson were there. 'Yes,' was the reply. The Duke asked to see the headmistress. She soon appeared, and he repeated his errand. The lady, of course, wanted to know what name she was to say. 'Tell her that the Duke of Wellington wishes to see her.' Presently the girl came into the room, no doubt feeling in rather a flutter. However, the Duke quickly put her at her ease, telling her he knew her father very well, spoke a few kind words to her, presented her with a bouquet, and soon afterwards took his departure. The result was, of course, electrical; and ever afterwards her schoolfellows treated her as one of the select, seeing she was looked upon as a friend of the great Duke."

The practical aims of Hudson in coming to settle in London were two—to launch his Parliamentary career, and to renew his campaign against the London and York Railway from a better vantage point. But in neither case were his efforts attended by the success anticipated. Several untoward circumstances operated to impair his chances in the House of Commons. He allowed his name to be connected with the publication of a new daily newspaper, the *Daily News*, which

first appeared under Charles Dickens' editorship in January 1846. The rumour of his support of its new competitor brought Hudson at once into disfavour with *The Times*, which henceforth gave him unfavourable publicity. It was also a misfortune for him that the opening of the new Session coincided with a fresh crisis over Corn Law Repeal. Hudson, who had naively professed to believe that his victory at Sunderland had given a death-blow to the Anti-Corn Law League, was looking forward to a railway-Bill ridden Session, in which he would dominate the main business of the House. But instead of this, after a few days, Peel announced his conversion to Free Trade in corn, and left his Conservative followers in the throes of a bitter party split. Hudson had already delivered his maiden speech on Railway Bill procedure; but he hastened to take part in the debate on the Second Reading of Peel's measure to repeal the Corn Laws, on February 17th, and to nail his protectionist colours firmly to the mast. He protested against the Irish emergency being made an excuse for depriving of protection the English agricultural labourer, who, earning a wage of twelve or fourteen shillings a week, would never be able to compete in growing wheat against a Polish or Russian labourer receiving only four or five shillings.

Though laughed at in the Press for his bad grammar and verbal solecisms, Hudson was listened to more respectfully when he spoke on railway matters. He soon found occasion to cross swords with James Morrison, the advocate of State control of railways, who was demanding that the Government should take immediate steps to check railway speculation. Hudson's reply was to present an analysis of the actual expenditure likely to be authorised in the railway Bills now before Parliament. These, he estimated, would require £100 millions of new capital, of which 20 per cent would go into the pockets of landowners, 5 per cent in royalties, 10 per cent in contractors' profits, and 7 to 9 per cent in the wages of labourers who would otherwise be unemployed. The

saving on poor relief would amount to £2 or £3 millions; and therefore, out of £100 millions of capital, not more than £50 millions could properly be regarded as a drain on the surplus of the country.

The cardinal point of Hudson's railway policy now more than ever rested upon the distinction between old and new railways; and this determined his attitude to the speculative mania through which the country was passing. On the one hand he, the arch-speculator, could pose as the foe of speculation and point to the warnings he had given the public not to invest in unsound new enterprise. On the other hand, he, the arch-monopolist, could also claim the old-established companies were perfectly capable of undertaking all necessary new extensions. "Shareholders," he advised, "will take a wise course if they withdraw from undertakings which are not associated with some of the old companies. . . . There is a jealousy abroad of the old companies, lest they get a monopoly. But does the country want an extension of its railway system? If so, then let Parliament entrust that extension to those who, from their position and means, can best carry it out for the public convenience."

At the back of his mind Hudson was thinking all the time of the London and York Bill. He was still eagerly plotting and planning to bring that project to naught. During the autumn of 1845 he was intriguing to frighten the more timid and cajole the more influential of the London and York shareholders into accepting the offer he had thrown out on behalf of the Eastern Counties Company, to incorporate their undertaking in the vast scheme of extensions which he was hatching for the latter.

Finding that the response to this offer was negligible, Hudson played another card in the long game. In March 1846 the London and York Bill had again reached the House of Lords, and seemed likely to pass into law that Session. Suddenly, in April, it was announced that certain shareholders had formed themselves into a committee, with an office at

a solicitor's in Sise Lane, E.C., for the purpose of negotiating an amalgamation between the London and York and the Eastern Counties Companies. Though proof was never forthcoming, it was generally suspected that the Sise Lane Committee was no more than a tool of Hudson's, and that he had induced the Eastern Counties Company to vote £6,000 towards subsidising its activities. The committee spent its time warning the London and York scripholders of the heavy calls of capital which they would have to meet as soon as their Bill passed into law, unless an amalgamation was brought about.

During May the fate of the Bill was finally decided before the Select Committee of the House of Lords, where it was weighed in the balance against Hudson's plan for the extension of the Eastern Counties Railway. Though Hudson and Robert Stephenson both gave evidence against the London and York Railway, on the ground of its heavy probable cost, strangely enough the Railway King's direct opposition inside Parliament, in spite of all his prestige, proved less dangerous to the Bill than his intrigues against it outside. In July 1845, before he had stood for Sunderland, Cobden had warned him that this would be the inevitable consequence of his return to the House of Commons. Meeting Hudson in the lobby one day he had whispered in his ear: "If you wish to have any of your projects under the attention of that House, I would advise you to remain in the lobby till the business is done, for you are a great deal more powerful in the lobby than you ever will be within these walls." Hudson the politician was considered less disinterested than Hudson the business man.

At last the activities of the Sise Lane Committee were checkmated. At the beginning of May the third of the rival schemes, the Direct Northern Company, was absorbed into the London and York Company. And, this obstacle being removed, a great meeting of shareholders was held on May 30th to reiterate approval of the Bill to make the Great Northern Railway, as it was henceforth to be called. An amendment,

moved by Hudson's friends, in favour of amalgamation with the Eastern Counties Railway, was ignominiously defeated. And eight days later the great Parliamentary contest, which had been waged with such bitterness and obstinacy, came to its expected end; the Lords Committee reported in favour of the London and York Bill, and it received the Royal Assent on June 28th, on the same day as Sir Robert Peel's Corn Law Repeal Bill—both measures equally obnoxious to the Railway King. The only result of his unavailing opposition had been to cause the London and York Company to spend over £300,000, the Direct Northern £123,000, and his own companies about £100,000 from their resources in useless legal controversy, lobbying, and wire-pullings. Truly a heavy bill to be footed by the nation for its indulgence in the luxury of competition in railway building!

The Railway King, however, did not spend all his time during this Session in merely negative obstruction. Fully alive to the fact that he was fighting against time, he devoted the greater part of his marvellous energies to elaborating and executing fresh plans for extending the frontiers of his railway kingdom, to fill up the waste spaces which his enemies were planning to cultivate. His first task was to establish a more effective dictatorship over the Eastern Counties Railway. He had been appointed chairman mainly at the wish of the shareholders, but with the reluctant acquiescence of the directors, especially those who came from Liverpool. Somehow or other, at every stage of his career, Hudson seemed to find himself brought up against opposition from Liverpool. On this occasion, he had not been long in office, before he made up his mind to displace his predecessor, Crosbie, from the deputy-chairmanship, in order to gain complete control over the company's finances. But Crosbie, who came from Liverpool, objected to being displaced, and there was an angry scene at which Hudson had his own way only by threatening to resign. He then made one of his own followers deputy-chairman, David Waddington, who had formerly

served under Hudson on the board of the Manchester and Birmingham Railway, and was therefore well acquainted with his colleague's system of accounting. As soon as the old secretary of the company had been got rid of, manipulation of the accounts commenced. Usually they were made up from the books and handed to Hudson, who used Waddington as his agent to tell the traffic manager what figures should be altered. It was fatally easy to deceive the shareholders, who almost entered into a conspiracy to defraud themselves. For instance, only three months after he had joined the Eastern Counties Board, Hudson declared, in January 1846, a dividend for the half-year three times as great as what the shareholders had previously received. Now the most elementary common sense might have told them that this increase was unwarranted; yet the declaration was received with enthusiasm, as affording but one more proof of the fact that everything Hudson touched turned to gold!

The shareholders of the Midland Company behaved in similarly infatuated fashion. The dividends declared by Hudson brought the total for 1845 up to 6⅔ per cent, or nearly double what the shareholders in any of the constituent companies had been receiving before the amalgamation. At a meeting in January 1846 Captain Watts inquired whether certain items of expenditure on new wagons, works on roads and stations, ought not to have been charged to revenue rather than to capital account. Hudson's naive reply was that "the traffic on the Midland line was doubling itself, and they therefore as a matter of necessity were obliged to increase their working stock, the cost of which the directors had thought properly belonged to the capital account. At the same time, if the shareholders wished it, it might go to the revenue account, but they must remember that, in that case, they would have to submit to a reduction of dividend." Cries of "No, no," and laughter, greeted this absurd idea.

Upon another aspect of Hudson's railway management, however, more formidabe criticism was directed later in the

same year. The unpunctuality and slovenly conduct of the Eastern Counties line was being pilloried in the papers. And to these complaints point was given, unluckily for Hudson, by a shocking accident that occurred near Romford on July 18th, involving several deaths and a score of serious injuries. A passenger train, running full speed in a dense fog, crashed into the rear of another stationary train ahead of it. At the subsequent inquest the jury blamed the Eastern Counties management for not ensuring that their own rules were scrupulously carried out, and for appointing as their servants persons not fully competent for the work. The episode naturally provoked bitter criticism in the Press. "Is it possible," asked the *Yorkshireman*, "that he (Hudson) can attend to his Parliamentary duties, and at the same time superintend the practical working of half a dozen lines separated a hundred miles or more from each other?" Correspondents of *The Times* complained that "all over Hudsonia, clerks, station-masters, guards, porters, and superintendents have been cut down to the lowest possible number," as well as being underpaid. *Punch* published a mock "Petition to King Hudson," stating that "by reason of the misconduct, negligence, and inebriety of drivers and sundry stokers, engineers, policemen, and others, your Majesty's subjects, various and several collisions, explosions, and oversettings are continually taking place on the Railways, Your Majesty's dominions." Finally, *The Times* itself turned the thunder of its editorial batteries against the Railway King. "The tide of the age," it warned him, "is setting very strongly against unlimited sovereignty, and his powers of life and death must, at all events, be confined to the stokers and shareholders of which he is *idem pater et rex*." A sneering reference to the Eastern Counties line by Beckett Denison in Parliament drew from Hudson a demand for an official return of all accidents on that line since the previous October. But when Hudson, by omitting references to injuries to passengers or deaths of the staff, made light of the few deaths recorded in this return; and

when, by subtracting the minutes which his trains ran too early from the minutes which they were too late, he proved that on the average each train had lost no more than three-quarters of a minute—then *The Times* again waxed indignant, and swept away his sophistries with another solemn warning, more severe than the last. "If King Hudson is compelled by the tenour of his coronation oath to tax the purses and peril the lives of the people, the last resort can only lie in the measures suggested and justified by public law against a piratical community."

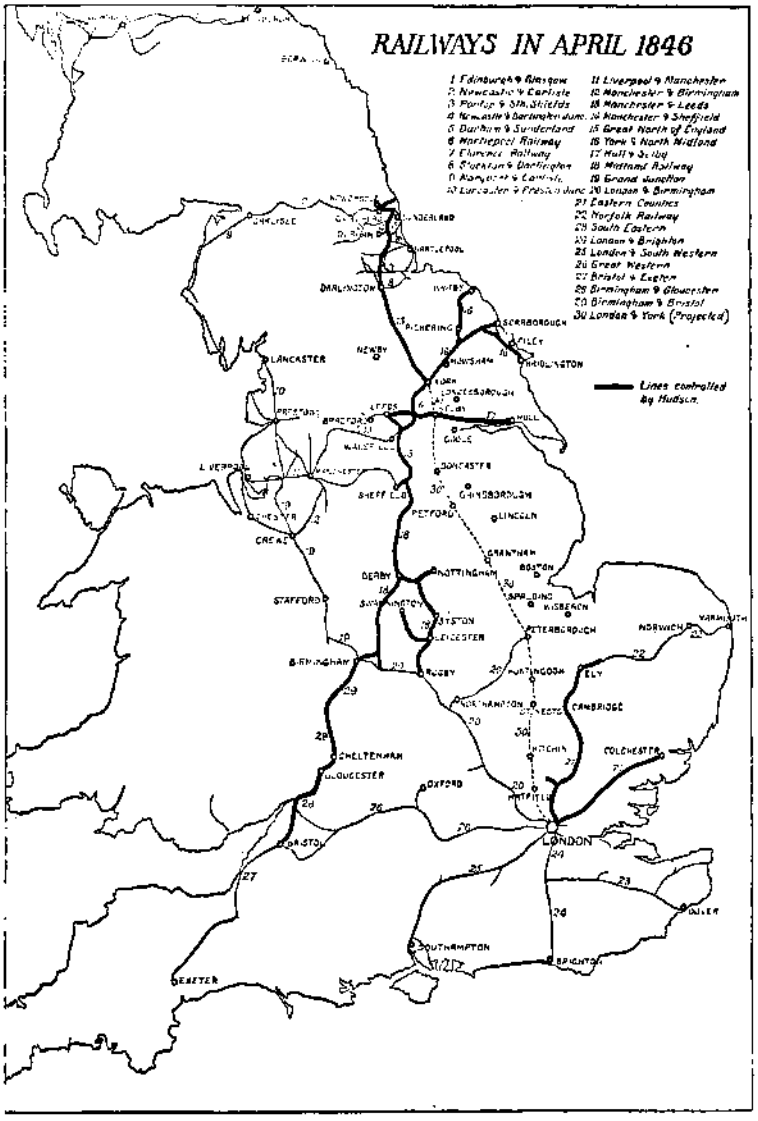
Another line of criticism directed against his system of management was the accusation that he used his virtual monopoly to charge excessive fares. To travel on the Hudson lines, it was calculated, cost from 10 to 15 per cent more than on the other trunk railways of the country.

Yet all these weighty criticisms counted for little in the eyes of Hudson's shareholders, as compared with the ever more dazzling prospects which he dangled before their eyes of extensions, leases, and amalgamations, with premiums and guaranteed dividends to follow. On the night of May 2nd he had been working in the House of Commons up till 2.30 in the morning. After a short sleep he rose in time to catch an early train to Derby, where he laid before his followers details of the new Bills he proposed to introduce on their behalf. Before the awestruck Midland shareholders he read out and expounded the substance of twenty-six Bills, which included amalgamating the Leicester and Swannington Railway in the Midland, purchasing the Oakham Canal, investing half a million pounds in a South Midland Railway to penetrate Bedfordshire and Northamptonshire, building lines from Southampton to Swindon, and from Swinton to Doncaster, and making many other smaller branches. Altogether he required them to approve of raising nearly three million pounds of new capital. He admitted that not all the new lines he proposed to make could pay their way, as independent undertakings; but he justified them as parts of one great

system, which needed continually extending in order to forestall rivals and protect its main line traffic. A small minority of the shareholders did indeed ask on this occasion how many more irons he was going to put in the fire, and whether he meant to leave any lines for other people in the country to make. But Hudson, armed with proxies from absent shareholders, easily brushed aside this opposition, and gained approval for every one of his proposals without substantial dissent.

This meeting took place on a Saturday. Hudson then spent a week-end in the north, during which he won popularity by offering employment to a native of York named Mason, who had just returned home after two and a half years transportation to Australia for a burglary of which he was later proved innocent. Then, punctually at ten o'clock on the Monday, the Railway King met the shareholders of the York and North Midland Company in York. Within fifteen minutes he had induced them to sanction six Bills and affirm various deeds and agreements. Immediately afterwards he assembled at the same spot the Newcastle and Darlington Junction shareholders, who likewise approved seven Bills and accompanying agreements; finally, at half-past ten, he presided at a board meeting of the Newcastle and Berwick. In fine, during these three days, he obtained approval for forty Bills, involving an expenditure of some ten million pounds. "A special train then winged him to the Metropolis," with the forty Bills under his arm. Not all of these Bills, needless to say, passed into law; for instance, of the Midland Bills only sixteen passed, and ten were rejected or withdrawn.

Perhaps this first week of May 1846 was the busiest in Hudson's life. Here is a record of his activities during one day, Friday, May 8th. He left the House of Commons at two o'clock in the morning and proceeded home to bed. He rose between seven and eight, took a walk in the Park, returned to breakfast, then attended four consultations, gave evidence before the Commission on the Metropolitan Termini, attended Mr.




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Morrison's Committee, was in his place in the House at four, dined with the Duke of Buckingham in the evening, and afterwards attended the Sheriff's ball in the city, which he did not leave until two o'clock in the morning. Yet in the midst of this feverish rush, he found time to indulge in a quaint pastime which years later, in his retirement, he was fond of recalling. "I do now," he used to say then, "what I did when I lived at Albert Gate: I always go down to Billingsgate and buy my own fish. I never allowed a servant to do that for me when I could do it for myself, and I never fancied the fish at a fishmonger's, when I could see it in large quantities as it came into the market. So, when I was a great man in London, no matter where I'd been the night before or what grand people had been to my house—and nearly everybody was glad to visit me in those days—I used always to get up early and go down to Billingsgate and choose my fish there for the day's use. I did it because I liked it then, and I do it for economy, and because I like it, now—that's the only difference." These solitary early morning excursions to Billingsgate represent almost the only form of relaxation in which, so far as we know, the Railway King allowed himself to indulge.

Apart from this, he lived a life which might be expected to wear out the toughest physique, and did in fact cause Hudson to age rapidly and become more corpulent. Every two or three days he would devour an enormous dinner at some aristocratic table, or lavishly entertain peers and M.P.s at Albert Gate. His afternoons were spent at the House of Commons, where he strove to cut an impressive figure in important debates. The Conservative split which had followed Peel's repudiation of the Corn Laws, left the Protectionist fraction not only in a minority in the House, but also sadly lacking in debating strength and leadership. Here was a chance for Hudson, whom Disraeli and Lord George Bentinck were only too glad to welcome to a seat beside them on the front Opposition Bench, as a visible proof that some prominent

industrialists, at any rate, had not gone over to the free traders.

In whatever time remained over from politics and social functions, there were still to be fitted in board meetings and the opening of new railway lines. Hudson never missed a single half-yearly or special meeting of any railway company with which he was connected; nor would he willingly forego his share of the pageantry and publicity of an opening ceremony. The sun still shone upon his enterprises; and though the London and York Bill had now become law, he hoped, before the Great Northern line could be built, to have filled up Eastern England with railways of his own. In June 1846 the Eastern Union Railway—a link connecting the Eastern Counties Railway with the coast—was declared open at Ipswich; and at the beginning of July another railway of which Hudson had been initiator and chairman was opened, the Leeds and Bradford.

But in this project, as we have seen earlier, the luck was not with Hudson. With the Railway Mania still raging, he perceived that this tiny line could not hope to stand alone, without attaching itself to one of the larger companies. The Manchester and Leeds Railway showed signs of willingness to lease it; therefore Hudson made haste to arrange for its purchase by the Midland Railway. In the ordinary way his word was enough for his obedient followers. But in this case some of the sharehelders still remembered with soreness their exclusion from the original allotment of Leeds and Bradford shares. Moreover, Hudson overlooked the delicacy of his own position, as chairman both of the selling and of the buying company. It was expected that he would absent himself from the Midland meeting, which was called on July 25th to ratify the purchase. Not only, however, did he attend and take the chair, but himself proposed the resolution that the Midland Company should lease the Bradford line at 10 per cent for 999 years.

At this, opposition broke out at last. Voices were heard

remarking: "You are buyer and seller too"—"You are looking after your own interests"—"You have no business in the chair when we discuss this." The Railway King was never at his best when facing unpopularity. He took refuge in a statement he had often made before, that he had never made one penny out of any line which he had leased or purchased by speculating in its shares; and he challenged anyone who could prove the contrary to come forward and do so. The challenge was not taken up, but the sniping from the body of the hall continued, one shareholder exclaiming: "If you *are* the Railway King, you are not going to come here and sit upon us." Naturally, Hudson then lost his temper, declaring: "All this has been concocted in Liverpool," and a scene of disorder ensued.

John Ellis, the vice-chairman, then tried to pacify the meeting; but the opposition to the lease crystallised in the person of P. W. Brancker, the wealthy Liverpool shipowner. His argument was strong. The Midland shareholders were being asked to guarantee to the Leeds-Bradford shareholders a 10 per cent dividend, while they themselves were enjoying less than 7 per cent. But behind this argument lay the deeper cause of Liverpool's enmity to Hudson's whole policy—his rivalry with the Manchester and Leeds Company for the east-west coast traffic, and his rivalry with the west coast railways for the through traffic to Scotland.

Brancker and the Liverpool party were not strong enough to thwart the Railway King, and the lease was duly approved by the meeting. But Hudson's victory was Pyrrhic, costing him in prestige more than he gained in substance. It shook the general confidence in his integrity, and provoked his Liverpool enemies to a more concerted attack upon his methods of management and his accounting. For a few days after the fateful meeting, the Liverpool shareholders in the Midland met and formed themselves into a group which employed professional accountants to investigate his half-yearly balance sheets, and also launched a systematic campaign

of letters to the Press, insinuating that Hudson was untrustworthy and his judgment unsound.

And so the sky, after that brilliant morning of the Railway King's glory, grew overcast. Liverpool suspected his accounts. London deplored his accidents, and sneered at his manners. Denison and his friends toiled perseveringly at their great new rival railway. Only in York the sun shone on with unclouded brightness. Even there lurked enemies, but as *The Yorkshireman* regretfully admitted, "they murmur gently—very gently—sometimes, and that is all."

CHAPTER X

# DOUBT CREEPS IN

## (1846–1847)

"When railways and railway shares were dark as night,
Men said that Hudson ruled, and all was right—"

Sir Thomas Legard at the opening of the Filey branch of the York and North Midland Railway, October, 1846

THE autumn of 1846 saw the Railway King up north again in his own homeland. There at any rate the spell of his majesty remained unbroken. The shares of the Midland Railway were fast declining on the stockmarket; and what had been worth £190 or £200 a year before, had now sunk to £140. The Eastern Counties line, too, remained still in the doldrums, and had not yet by any means realised those golden expectations formed when Hudson ascended its throne. Even York and North Midland shares were not quite what they had been, and had receded from the proud eminence of 100 per cent premium which they had attained not long since. Yet the York shareholders would indeed have shown ingratitude had they murmured so soon at their benefactor. For had he not that very summer, when cross-questioned before Morrison's Committee on Railways in the House of Commons, declared that every proprietor of one of the original £50 shares in their railway would, if he had not sold out, have received to date about £250 in premiums upon the various new issues of shares which had since been made? Knit by such a bond of mutual advantage, the York investors were by no means disposed to cavil at their leader just because prospects were for a moment overcast.

On the contrary, their hero's homecoming gave the signal for a fresh outburst of adulation and enthusiasm. Trade was uneasy and halting; and it was necessary that some special

demonstration of confidence should be given, to prove that Yorkshiremen, at any rate, were not afraid of the future. First, therefore, the Freedom of York was solemnly conferred upon Hudson by the ancient Company of Merchant Adventurers; and next, it began to be noised abroad that, when the next mayoral election came round again in November, the Railway King, like Dick Whittington, might expect to be called to the office a third time. No one had forgotten the profuse hospitality and glittering splendour of Hudson's former mayoral years; and now, richer than ever, he could surely afford to eclipse even those almost legendary glories. Hudson knew that something big was expected of him; in October, therefore, during a mellow moment after dining at a nobleman's table, he broached to the retiring mayor the possibility of reviving his old plan for equipping York with a magnificent new bridge over the Ouse at Lendal—a project which would benefit equally the city and the railway company. The plan was kept secret from the city council, but worked out in detail upon its finance committee. At length, early in November, nomination day came round, when Sir Stephenson Clark proposed that Hudson, whose "name is lisped by the inhabitants of every clime and country upon the face of the earth," should be their new Lord Mayor. When he had been elected without opposition, the Railway King rose to shed his beneficence upon the Council by disclosing his scheme for the bridge. Let it be built, he said, at the joint expense of the City and the Railway Company. The Company would generously forego its interest in any tolls which the City Council might choose to charge users of the bridge; while a splendid new approach to the bridge from the station should be constructed in Blake Street by means of a public subscription which he, Hudson, would head with a donation of £500. The Council generally applauded the scheme; only that stubborn man of law, George Leeman, who had so long and so grimly assailed his enemy's flank, would not let it pass without a growl of suspicion. There

must be some trick in the generous offer, he maintained. What that trick was soon became evident when in due course the details of the Bill, which it was necessary for the City Council to promote in Parliament, were announced. For the Bill contained no specific reference whatever to the York and North Midland Company, but committed the City to erecting the bridge by itself; only by inference was the Railway Company involved, since the Council was given authority to raise no more than two-thirds of the estimated money.

Not unnaturally Leeman waxed indignant. Unless the Railway Company was specifically mentioned in the Bill, he argued, it would have no power to make a grant towards the cost of the bridge. But Hudson airily waived away this objection. "Take my own personal security, if you like," he added, while the members of the Council scowled at Leeman for daring to make insinuations against their idol. "But it is not business," pleaded the lawyer, in reply. "If there is any opposition in Parliament, the Bill won't stand for a single hour. It is not that I doubt your integrity, Mr. Hudson, but I do doubt your immortality." "Business!" retorted the Lord Mayor, "When men of business enter into engagements to the amount of thirty or fifty thousand pounds, do they go to *lawyers* to have an agreement drawn up between them? No! They are content with each other's words." So once more Leeman was silenced, and the Council unanimously voted in support of the Lendal Bridge Bill. Nor did the *Yorkshire Gazette* let slip so precious an opportunity of rubbing the noses of an enemy of Hudson in the mud. "Is it not pitiable," it sneered at Leeman, "to behold his eyes always open for abominations? His nose, with an unctuous sound, snuffling for grievances? And the sole object of all this anxiety and painful sensitiveness the career of the Hon. Member for Sunderland."

But the career of the Member for Sunderland stood, at any rate so far as York was concerned, in no immediate danger of eclipse. All through those winter months the golden age

of bounty and feasting seemed to have returned. Care was cast aside; and the Lord Mayor entertained night after night, as though he had not a railway trouble in the world. Now he would receive at Newby Park a house party of Conservative peers and notables; and now at the Mansion House a gathering of the worthies of York. Perhaps the climax was reached on December 17th, when Christmas was ushered in by a grand civic banquet at the Guildhall. The five hundred guests, who began to arrive a full hour before the Railway King himself, heralded by a flourish of trumpets, entered the hall in procession, were more select and noteworthy than ever before. They included the Archbishop of York, the Duke of Leeds and Lord George Bentinck, the Master Cutler of Sheffield, several Admirals, Archdeacons and Members of Parliament, George Stephenson, and the Mayors of eight towns, Beverley, Cambridge, Doncaster, Hartlepool, Hull, Pontefract, Richmond, and Ripon—truly, "a high festival in honour of the railway system," as the *Railway Times* termed it.

*The Times* and some other London papers were inclined to scoff at Hudson's banquet, but *The Standard* read its readers a fine lesson on the moral and economic significance of the event. "Mr. Hudson gave a dinner on Thursday," it wrote, "to some happy hundreds in the Guildhall of York —but was that all? No, Mr. Hudson was yesterday giving, and has for months and years of yesterdays been giving dinners to hundreds of thousands not less happy than the guests by whom he was surrounded in the Guildhall. . . . He has found the labourers standing to be hired when 'no man hired them,' and he has given them employment and good wages and, we repeat it, good dinners—for the labourer who receives from 22s. to 23s. a week can, according to his habits, command a good dinner. . . . *Two hundred thousand* well-paid labourers, representing, as heads of families, nearly one million of men, women, and children, all feasting through the bold enterprise of one man, and not feasting for one day or one week, but enjoying abundance from year's end to year's end. Let us hear

what man, or class of men, ever before did so much for the population of a country?"

All that hospitality and display of luxury could do to animate his followers and maintain his prestige, the Railway King that winter performed. His charities were as frequent as his dinner parties. The widow of the painter, Benjamin Haydon, received one subscription; the starving Irish and distressed Scottish Highlanders another. Literary, scientific, and agricultural societies, in York and Sunderland, vied with each other for his patronage. And at last, in the spring, at the instigation of James Richardson, the York City Council commissioned Francis Grant, A.R.A., the fashionable portrait painter of the day, to paint a full length picture of Hudson for hanging in the Mansion House. The commission was executed and the portrait hung; it remains to this day the sole public relic of the Railway King and all his glory.

Behind this winter's window-dressing, Hudson carried on his railway business as actively as ever. Time was growing short, and so much remained to be done. In many respects the railway situation had altered for the worse from Hudson's point of view. It was bad enough that the Great Northern Railway was now sanctioned, that its capital was being subscribed, and the land bought for building its line. More serious still, however, were the changes that were taking place in the railway system of the western half of the country. For during 1846 an important amalgamation had taken place between the London and Birmingham, Grand Junction, and other railways, leading to the emergence of a London and North Western Railway. Similarly, in Scotland, the railways round Glasgow had come together to form the Caledonian Railway. Now these amalgamations vitally affected Hudson's railway kingdom. For in the first place, they brought nearer the day when the West Coast route to Scotland would be completed—a prospect which made it more than ever urgent, from Hudson's point of view, to fill in the remaining links of the rival East Coast route. And secondly, the London

and Birmingham Railway, now that it formed part of the North Western system, could no longer remain neutral in the contest between the East and West Coast route parties. The old alliance between Glyn and Hudson must cease to be effective; and the Midland must secure some independent access of its own to the Metropolis.

Every month that passed made the strategic position of the Midland more unfavourable. Hudson could clearly foresee the time when this railway might be hemmed in by two rivals, the Great Northern on the east, and the London and North Western on the west, each taking from it a share of the long-distance traffic. Worst of all would be the emergence of a common interest between the Great Northern Railway and the railways north of York. For Hudson's whole career had been founded on linking together the destinies of the Midland and the railways north of York, to form a consolidated trunk line between Rugby and Edinburgh. But he was now forced to contemplate the unpleasant possibility that his kingdom might some day split. The Midland might be driven to seek its true destiny in providing a trunk line from London to Manchester; whilst the railways north of York must eventually come to some sort of terms with Denison and his friends.

Evidently such ideas were in the mind of the Railway King; for his plans during 1846 included the prolongation of the Midland line both at its northern and its southern ends. To bring the Midland into Manchester, he projected a new line to run from Ambergate through Buxton and Matlock, and to be financed jointly by the Midland and the Manchester and Crewe Railways. But this scheme was checked in its early stages by the absorption of the latter railway into the amalgamation which produced the London and North Western Railway. So Hudson lost his chance of an entry into Manchester.

Meanwhile, at the southern end of his line, he made strenuous efforts to gain access to London. During the autumn of 1846 he actually approached the Great Northern Company,



THE PORTRAIT OF HUDSON BY FRANCIS GRANT, A.R.A., WHICH HANGS IN THE MANSION HOUSE, YORK

and negotiated with it an agreement—the first truce between these old rivals—whereby he should extend the Midland from Leicester southwards to Hitchin, using the first section of the Great Northern main line from King's Cross to Hitchin, as a means of securing to the Midland access to London independent of the London and North Western Company. Rumour was soon busy with the possible consequences of this *rapprochement*. At the turn of the year it was positively asserted—and had to be officially contradicted on the Stock Exchange—that Hudson was about to retire from the chairmanship of the Eastern Counties, and transfer his services to the Great Northern board. But his real tactics were very different. The agreement into which he had entered with the Great Northern was but a blind to cover his real intentions, which became clear when he gave notice that the Eastern Counties Company proposed to promote a Bill to make a new branch from Hertford to Hitchin, and also to obtain powers to cross the Great Northern line at Hitchin and to make a junction with the Midland. Had this proposal been carried into effect, Hudson would at last have obtained for the Midland an entry into London, somewhat circuitous it is true, but wholly independent of any possible rival. When we couple with this the partially successful attempts which he was making to cover eastern England with a network of branches from the Midland and the Eastern Counties Railways —particularly the Syston to Peterborough branch of the Midland, and the Eastern Counties extension from Cambridge to Peterborough—before the Great Northern line could be built; we see that Hudson had not yet lost heart, and was still working away at the completion of his grand trunk route from London all the way to Edinburgh.

But difficult as was the situation in the south, it was equally complicated in the far north, and called for the fullest display of daring and pertinacity on the Railway King's part. For some time past it had become obvious that the lines north of York must be consolidated into a single company. Not only

was it uneconomical—both of time and money—to maintain meetings, officials, and accounts in triplicate, when the real control was already unified and the policy identical; but further delay was positively dangerous. For the Leeds and Thirsk Railway, not content with having raised itself up as a formidable competitor to the line between York and Darlington, was now extending itself to the coast at Hartlepool, and worse, was planning a further extension northward to Gateshead. By this incursion the virtual monopoly which Hudson had gained of railways in Durham was suddenly threatened. He was driven, therefore, to consolidate his forces, and to use every effort to prevent Parliament sanctioning the invader's scheme.

The amalgamation of the lines north of York into a single great company was accomplished in two stages. The first of these was the ratification by Parliament of the lease and purchase of the Great North of England Railway by the Newcastle and Darlington Junction Company, and the renaming of the united concern the York and Newcastle Railway. The first meeting of the renamed company was held in September 1846, and almost at once Hudson announced his plans for rounding off the purchase of the Great North of England by what he called "a great financial operation"—namely, the issue of 159,000 new shares of £25 each, which would make the capital of the York and Newcastle Company £6,625,000 in all. This vast inflation of the capital was due, of course, to Hudson's pledge to buy out every holder of a £100 share in the Great North of England for £250 before 1851. Yet he defended himself on the score that "very few of those people are benefited to the extent it would appear from these figures. That stock (i.e. the new shares) sets at liberty the speculator; the investor takes his place, and the speculator goes to making new lines."

This first stage of the amalgamation having been completed, Hudson next proceeded to negotiate for a union between the York and Newcastle and the Newcastle and

Berwick Companies. At the outset he contemplated including in the amalgamation the North British Railway, which had been opened to the public during the summer of 1846.

But somewhat to the surprise of the railway world in general, his offer to lease their line at 8 per cent interest on their capital was rejected by the North British directors. They were moved apparently by a certain prejudice against allowing Hudson to acquire a Scottish line, and preferred the prospect of uniting, if need be, with some other Scottish company. But it was also whispered that the influence of the Great Northern Railway made itself felt in their counsels, and deterred them from swallowing the attractive bait which Hudson held out.

Hudson's abortive dealings with the North British Company served to protract the negotiations between the York and Newcastle and the Newcastle and Berwick Companies. Both parties required careful handling, for the shareholders in each were ready to suspect that they were going to have the worst of the bargain. Early in January 1847 the first portion of the Newcastle and Berwick line was opened; but until it was completed York and Newcastle shareholders could complain that they were being asked to amalgamate with a concern that was not yet in working order. On the other hand, many Newcastle and Berwick shareholders were highly dubious of the wisdom of becoming connected with a company burdened as the York and Newcastle was with the liabilities of the Great North of England purchase scheme. Hudson was therefore at pains to make each concern appear in as flourishing a light as possible. He admitted his disappointment with the slow progress made in building the Newcastle and Berwick line, but he reminded the public that this delay would allow the embankments to weather and solidify and thus make the line safer. As for the York and Newcastle, he denied all rumours that it "was incumbered in such a way as to be quite unable to continue to pay the dividend they were now paying"—that was, 9 per cent. He confessed that the purchase

of the Great North of England had been a great source of anxiety to him, but maintained that the traffic account showed a balance sufficient to pay the guaranteed rent and even yield a small surplus. In this way he comforted the shareholders of the two companies, and brought them gradually to a frame of mind ready to sanction the amalgamation.

Towards the end of 1846 "a sudden change was noticeable in the aspect of affairs generally. The future condition of the money market was viewed with some uneasiness, and various causes were regarded as indicating the probability of a pressure. The grain and potato crops at home and abroad were extremely deficient; high prices were ruling in Mark Lane; railway calls visibly increased each month; and the evils attending the speculation, now the grand movement of 'dissolution and distribution' was nearly terminated, more forcibly than ever developed themselves." But Hudson showed no sign whatever of drawing in his horns. The York and North Midland shareholders were cordial and unanimous in their enjoyment of the 10 per cent dividend that he offered them in February 1847. And the Midland shareholders, receiving 7 per cent, were equally ready to swallow down another gigantic programme of extensions and leases and purchases, rivalling that set before them a year previously. On March 6th, Hudson, who had boasted that the management of the Midland had now "as nearly as possible arrived at perfection," brought forward plans to be embodied in no less than thirteen Bills, involving a capital expenditure of over £4½ millions and the construction of 250 more miles of line.

When the Parliamentary Session opened in February 1847, Hudson was ready to launch, with a flourish of trumpets, a brand new scheme of railway construction such as had occurred to no one else. In the previous year, when speaking on the Repeal of the Corn Laws, he had let fall the remark that the sorrows of Ireland could be healed by providing her with an adequate system of railways. This novel idea took root in

the minds of his fellow front-benchers, and so, on February 4th, admitting that "it was prepared by men whose time might be measured in minutes and valued by gold" (that is, Hudson, Robert Stephenson, and Samuel Laing), Lord George Bentinck introduced a Bill to stimulate employment in Ireland by empowering the Government to lend two-thirds of the capital necessary to build new railways. Had the scheme come into force, a special commission, with Hudson at its head, was to have been set up; and then the Railway King would have found himself fairly started on a new career of public utility backed by the whole credit and recources of the community!

The arguments in its favour were plausible enough. The works, said Hudson, could not be executed by private enterprise, owing to the indisposition to invest capital in Irish undertakings; but Government could assist their promotion without losing a sixpence. In the debate on the Second Reading he put forth the full force of his quaint eloquence to soften the ministerial hearts. "Ireland," he declared, "has been to this country a constant source of anxiety—Government after Government has declared it to be their great difficulty. We have been cobbling and peddling with Ireland, but we have attempted ineffectually to develop its resources." New railways would make Irish agriculture flourish. A hundred and thirty men would be employed on every mile of line constructed. The Bill, in short, "was to benefit Ireland, to add to her contentment, to aid in civilisation, to confer upon her all the enjoyments of human life."

Alas! the Government turned a deaf ear to these allurements. Peel coldly drew attention to the state of the country's finances. Hudson's scheme would require, he estimated, £16 millions of capital, much of which would probably be a dead loss. The additional employment would be negligible —more like 25 or 30 than 130 men per mile. And, finally, why should not Irish landlords and gentry subscribe to and institute their own railways, without Government assistance?

The Chancellor of the Exchequer followed the Prime Minister with similar arguments, the Irish M.P.s showed themselves lukewarm, or even inclined to question whether Hudson was not wanting to feather his own nest—and the Bill was rejected by a handsome majority. The true reason why Peel and Goulburn were unwilling to lend money to build new railways in Ireland was, of course, their conviction that the existing financial collapse and trade depression were due primarily to over-promotion of railway building and speculation in railway shares. They were not prepared to try curing the hydrophobe with a hair from the tail of the dog that bit him!

Apart, indeed, from Bentinck's Bill and the various private railway Bills which he sought to pilot through Parliament, the Session of 1847 involved Hudson in more of a defensive than an offensive campaign. At the close of the Session of 1846, as a result of recommendations made by Morrison's Select Committee on Railway Acts Enactments, an Act had been passed setting up a board of five paid Commissioners to wield all the powers formerly exercised by the Board of Trade in railway matters, and to report on railway schemes of all sorts, particularly those involving competition and amalgamation. During February 1847 Edward Ellice—"Bear" Ellice, the Member for Northampton—moved a resolution referring all railway Bills to these Commissioners for report before consideration by Parliament. In the course of his speech he referred particularly to the Bills promoted by Hudson, declaring that the accounts of the companies over which Hudson presided were in such a state of confusion that he was unable to estimate the amount of capital or to calculate the engagements of these companies. It was rumoured, he added, that the liabilities of the Midland now amounted to no less than £30 millions. To this challenge Hudson replied that the engagements of the Midland amounted to no more than £14 millions, including the Leeds and Bradford and the Bristol and Gloucester lines. He objected strongly to the proposal to

submit all Bills to the Railway Commissioners. "The whole duty of this House," he argued, "is to take care that no lines of an unproductive character are passed, that the public are protected on every line, and that the shareholders receive a fair remuneration on the outlay of capital. Having seen to these points, the less we interfere the better for ourselves and the public and the promoters of the enterprise." He soon proved that the old plea for *laissez-faire* in railway matters had not entirely lost its force by strenuously and successfully resisting the efforts, made by the chairman of the Railway Commissioners, to secure from Parliament powers to inspect the books of railway companies and call for returns of all kinds from them.

Yet though the major evil was thus warded off, Hudson was harassed by other troublesome proposals. No one could view without alarm the prospect of Parliament being called upon to sanction the raising of new capital for railway building at a moment when shareholders everywhere were groaning under the calls made by directors for enterprises already in course of execution. Accordingly, resolutions were proposed and adopted, which had the effect of stopping a practice to which Hudson had been very partial in previous years—namely, the payment of interest on called-up capital before a railway was actually opened. Another resolution empowered promoters of Bills to withdraw their Bills after the Second Reading in Parliament, and to hold them over till next Session. The procedure connected with amalgamations was also tightened up; amalgamations were not to be made the excuse for securing authority for fresh capital issues, over and above the existing capitals of the uniting concerns. These resolutions were accepted by Hudson, and by him used as a means of inflicting various minor setbacks on to the schemes of his rivals, particularly the Great Northern Company.

Hudson's tactics did not pass unnoticed by his critics. A growing volume of complaint was heard during the summer, emanating from individual shareholders in his companies,

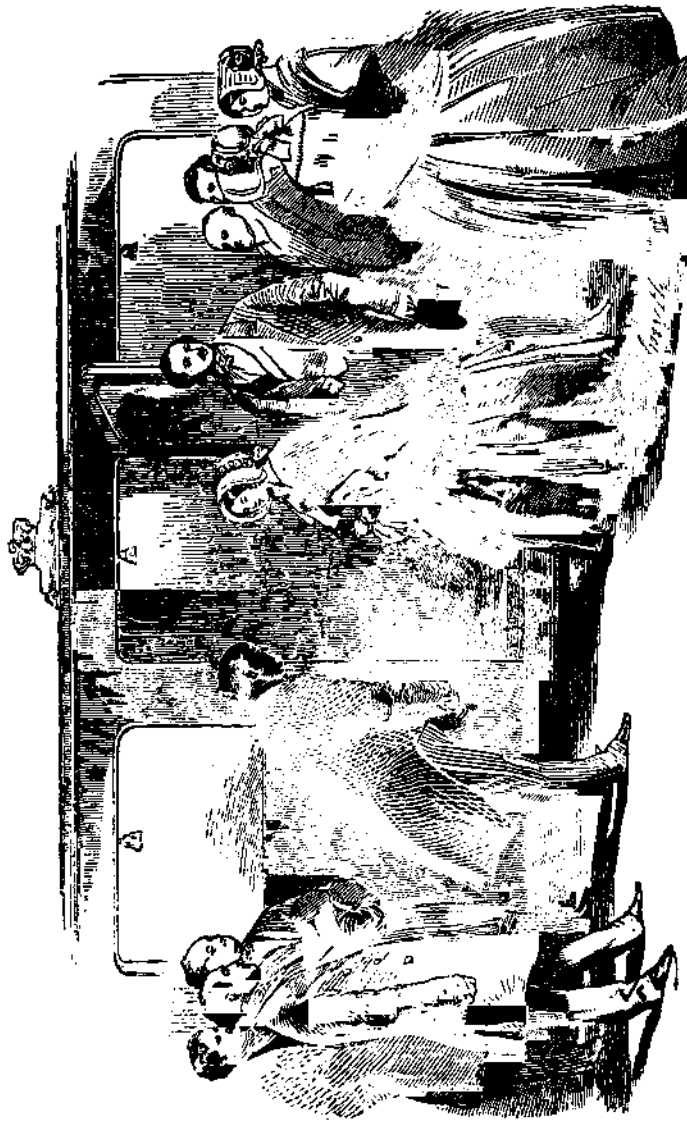
and reinforced by his enemies in Liverpool, that his enterprises were unsound, and that he had sacrificed the interests of genuine investors to the greed of speculators. Thus a correspondent of the *Railway Times*, signing himself "A Victim," pointed out that during the first six months of 1847 Hudson had "raked up no less a sum than £4,800,000 in new shares from the shareholders of the Midland, Eastern Counties, Bristol and Gloucester, Newcastle and Berwick, York and North Midland, and York and Newcastle Railways. And if it be true that all the northern men in York and elsewhere, who swear by Mr. Hudson and jobs for themselves, have been sellers of all these stocks for some months . . . if those who have means of knowing what is at hand in the shape of calls or otherwise have been selling their shares; those who hold them, and whom Mr. Hudson is thus pinching and victimising, will be slow to believe in Mr. Hudson's care for their interest, or, if they believe in the disinterestedness of his management, they must condemn the policy of it."

The lame duck of Hudson's railway flock still continued to be the Eastern Counties Railway, whose prospects of ultimate profitable working seemed to recede rather than improve, as time went on. The scheme for using the Eastern Counties line from London to Hertford as a stepping-stone for the Midland to gain access to London independently of the Great Northern or the London and North Western, had come to grief. The Midland was, indeed, allowed by Parliament to make a branch to Hitchin from the north west, and the Eastern Counties to make a branch from Hertford to Hitchin; but permission was refused to complete the chain by a junction at Hitchin crossing over the Great Northern line. So by this tiny gap was Hudson's grand scheme thwarted. And much the same checks were given to his plans for extending the Eastern Counties line northward to bend round and link up with the Midland and later the York and North Midland Railways. The Eastern Counties Railway was encouraged to occupy East Anglia, and fill up all the country

to the east of Cambridge and Lincoln; but it was not allowed to stray westward across the narrow strip of territory upon which the Great Northern was building its new main line. Hudson's hope, therefore, that he would be able in time to weld all his railways together into one coherent system was doomed to complete disappointment.

Meantime, the actual traffic receipts of the Eastern Counties Railway were ludicrously out of proportion to the dividends Hudson was paying out to the shareholders. The Company's liabilities were estimated at £13½ millions; and it was calculated from the figures of working receipts and expenses that the net balance available each half-year would have warranted paying dividends of only ½d. in the £ in January 1846, ¾d. in the £ in July 1846, less than 1 per cent in January 1847, and less than ¾ per cent in July 1847. But the dividends actually announced and paid were 3⅓ per cent in January 1846, $3\frac{5}{12}$ per cent in July 1846, 2½ per cent in January 1847, and 2 per cent in July 1847. Yet even now, though the discrepancies in Hudson's accounts must have been manifest to any acute observer, the shareholders as a body made no serious attempt to question his policy or to limit his ascendancy in their counsels.

Probably their eyes were still dazzled by his supreme gifts of showmanship. For example, the gaze of the whole fashionable world was for a moment centred upon the Eastern Counties Railway when on July 5th the young Queen and the Prince Consort travelled by that line to Cambridge, on the occasion of the latter's installation as Chancellor of the University, after a famous election contest in which he had triumphed by but two votes. Now Hudson seized the opportunity of this Royal journey for a flamboyant display of pageantry. A special train was fitted out for the occasion and Hudson and his fellow-directors were at the station an hour and a half before their Majesties to put the last finishing touches to the preparations. The Queen, looking very becoming in a white transparent cottage bonnet and a peach-blossomed satin



HUDSON ATTENDING QUEEN VICTORIA TO HER RAILWAY CARRIAGE
*Illustrated London News*, 1847

dress, drove up to the station, alighted, and first entered a reception-room where "Her Majesty very condescendingly bade Mr. Hudson Good Morning"; next, followed by her ladies-in-waiting and Mrs. Hudson, she passed into a festooned pavilion, and thence by a gallery "filled with elegantly dressed females" to the platform and the Royal Carriage. Hudson himself, having escorted Prince Albert to his seat, then presented the Queen with a beautifully executed map of the line and illuminated copies of the timetable of the Royal train. The Royal Carriage was coloured white and gold outside; inside, the linings and furniture were of figured French grey satin, the roof being covered and fluted with the same material. "In the centre was a very beautiful little round table of satinwood, and on it a superb bouquet. The carriage was also hung round in all directions with the freshest and fairest favours of Flora." The Queen and Prince Albert sat on a couch at one end of the carriage, with the ladies in waiting on chairs beside them. As soon as the train stopped at Cambridge Station, Hudson leaped out on to the platform, and was first to open the Royal Door; the Queen then took his arm and allowed herself to be escorted by him into the Pavilion, preceded by the Earl Marshal, the Duke of Norfolk. As she looked round on the splendid preparations that had been made to receive her she exclaimed in evident delight to the Prince, "Really, this *is* beautiful! Is it not *most* gratifying." After the return journey which took place two days later, Prince Albert was directed to convey to Hudson "her Majesty's gracious acknowledgements of her entire satisfaction at the transit to and from Cambridge, and at the arrangements for her accommodation." "The force of this royal compliment," it is added, "was duly felt by his railway majesty, who bowed in silent gratification." The gratification took practical form immediately afterwards in a whole week's banqueting and entertaining at York Mansion House.

The stage was now set for a further effulgence of Hudson's glory in the north. A General Election being imminent, it

was desirable to have some new railway achievement to stir up public enthusiasm. Therefore on July 1, 1847, the completion of the East Coaste route to Scotland was announced at last, with the opening of the line between Newcastle and Tweedmouth. The bridges on the line were but temporary structures of wood, and several months of trial working were to elapse before a through service from London could be inaugurated. But the gap was now to all intents and purposes filled—as was proved by the disappearance from the road of the last remaining mail coach between Newcastle and Edinburgh. On July 5th it drove forlornly and for the last time through Gateshead and Newcastle, flying a flag surmounted with crape—symbol of the defeat of road by rail which Hudson had done so much to bring about.

The dissolution of Parliament on July 23rd found Hudson with his plans all ready for making the most of the General Election. For however much his railway prestige might be waning, his political ambitions were soaring higher than ever. He saw in the election an opportunity for strengthening his influence by securing the return of his own friends for several constituencies north of the Humber. In the first place, however, he himself went forward to meet the electors of Sunderland serenely confident that he had made his own position as their representative almost impregnable, having not only successfully floated their dock company—incidentally placing its direction in the hands of his leading supporters in the Sunderland Conservative Association—but having also taken a prominent part in defending the Navigation Acts against the attacks made upon them by the Free Traders during the late Session. On the hustings he put forward a popular programme of public economy, greater equity in taxation, abolition of the window and brick taxes, reduction of the tea, coffee, and malt duties, exemption of labourers' cottages from rates, and abolition of the Laws of Settlement. Although the Whigs ran two candidates against him, with the object of capturing both the seats, Hudson was returned at the head

of the poll by a comfortable majority over the retiring senior Whig member, Barclay. As usual, his electioneering methods included the introduction of a small army of six or seven hundred canvassers from York, all provided with free railway tickets to travel to Sunderland and contribute to his victory.

Now, whilst the contest at Sunderland was proceeding to its appointed end, Hudson was also exerting his influence successfully to secure a seat for his ally, Robert Stephenson. Old Aaron Chapman had at length retired from the representation of Whitby, and the great engineer, though bluntly labelled "the nominee of Mr. Hudson" by the *Yorkshireman*, was easily returned unopposed in his stead. More important than Whitby, however, was Hudson's own native city; for the time had come for filling a vacancy in the Conservative representation of York. York was now little better than a pocket borough controlled by the Railway King; and when, in the middle of June, it was announced that the senior member, Sir J. H. Lowther, would not seek re-election, no one was surprised to hear that Hudson was prepared to introduce to the constituency a new Conservative candidate of his own choosing. After all, was he not Lord Mayor for the third time, and had he not promised to equip the city with a new bridge at Lendal and carried the Bill for this purpose triumphantly through Parliament in the teeth of George Leeman and his pettifogging attorney's criticisms?

Suddenly, however, a violent and unexpected storm broke out over the York election. The first trouble occurred over the candidate chosen by Hudson to succeed Lowther. It was known that, if Sunderland had not already claimed him, the Railway King would have liked to sit for York himself. But when he was asked by a friend why he did not offer himself, he replied, "I have a son who will hereafter come forward for this city," meaning his eldest surviving boy, George, then an undergraduate at Christ Church, Oxford. No Hudson being available at the moment, then, he set out to look for what his enemies opprobriously termed a "warming-

pan," and found one in the person of a certain J. G. Smyth of Wakefield, of whom no one knew much except that he had voted Whig in the 1841 election, and now professed to have changed over to Toryism on Free Trade. Then the *Yorkshireman* discovered the unpleasant fact that Smyth had been used as a puppet and paid his expenses by Hudson in various railway intrigues. Next came a still more startling development. Sir J. H. Lowther, in his farewell address to his constituents, threw out dark hints that he was retiring from Parliament not merely from ill-health, but for reasons of duress due to the unhappy divisions existing in the Conservative party. Soon the rumour was abroad that Lowther had been forced to give up his seat at the dictation of Hudson, or "abducted" from Parliament, as his sympathisers quaintly phrased it. At a Conservative meeting at the end of June, Hudson flatly contradicted these rumours, but entered into an explanation of them which left room for doubt whether there was not after all a considerable degree of truth in the allegations.

The baronet and the Railway King, it appeared, had remained closely united down to 1846, when Sir John suddenly developed a sad political weakness; he found himself in agreement with his leader, Sir Robert Peel, that it was time to abolish the Corn Laws! Now this was rank heresy in the eyes of his domineering friend, Hudson, and the unhappy baronet—never a strong character at the best—forthwith called at Albert Gate and offered to resign his seat. Hudson graciously refused to accept this offer, and persuaded Lowther to continue his duties, hoping that the lapse would not be repeated. But soon bad was followed by worse; Lowther's conscience told him to vote in favour of the Maynooth Grant for Roman Catholic Education in Ireland. Hudson took this more seriously. He warned Lowther of the strong Protestant feeling of York, and succeeded in inducing him to change his vote on the Second Reading of the obnoxious measure. But clearly, the situation could not go on. Lowther had lost his

nerve: he could not face his terrible friend: he complained that his health was impaired and his eyesight injured by sitting in the House—and at last he insisted on resigning. As the General Election was at hand, Hudson then consented, stipulating only that the resignation should be kept secret till he had had time to bring forward a successor.

All these revelations added fuel to the fire; so that when nomination day came round on July 28th, the election took place, as the *Yorkshire Gazette* admitted, "amidst a scene of uproar and confusion which we hardly ever before witnessed," Hudson had concluded an understanding with the official Liberal party, whereby Smyth was to be returned unopposed along with the sitting Whig member, H. R. Yorke. That the Liberals did not dare to make a frontal attack on Hudson's nominee is proof of their respect for his ascendancy in York. But behind the scenes there had been murmurs of discontent among both Liberals and Tories. For Sir John Lowther had been a popular member; and his manner of resignation had suggested that he felt aggrieved at his treatment by Hudson. And so when Hudson appeared at the hustings to nominate Smyth, he found for the first time that the clergy, professional men, and the more respectable of the Tory leaders had absented themselves, and that he had to face an angry crowd drawn from both parties. The Liberals were given an attentive hearing, but so soon as the Lord Mayor stepped forward, "it required the utmost exertions of the police force to prevent the mob from storming the hustings and offering personal violence." His speech was almost drowned in "one continuous and general roll of public indignation." Hudson soon lost his temper. He foamed and gesticulated at the mob; he swore that he would spend £10,000 sooner than allow Smyth to be beaten; and he scolded the demonstrators for their ingratitude, and threatened to withdraw his patronage from York tradesmen.

At the conclusion of his speech, however, a chemist named White insisted on moving the nomination of Sir John Lowther. Then came the climax. The returning officer, the Sheriff of

York, was that G. T. Andrews who had enjoyed so many of Hudson's contracts for building railway stations. Sheriff Andrews, after a short colloquy with the Railway King, refused to accept the third nomination as valid unless a deposit of £200 was forthcoming on the spot, to guarantee the expenses of a poll. And in spite of the protests of Leeman and others, the Sheriff persisted in his ruling, and declared Yorke and Smyth duly returned without opposition. An indignant eye-witness of the scene afterwards declared that he "heard the burst of indignation with which this unjust decision was received, and read in that general execration the fate of that petty dynasty which would fain trample upon the rights and independence of the citizens of York."

This high-handed action of Sheriff Andrews certainly galvanised into life all the latent opposition that existed in York to the Railway King. The trumpet call was sounded in the columns of the *Yorkshireman*. "Within the last few years," wrote George Leeman, under thin disguise as "A Lover of Freedom," "a power has arisen, colossal in its proportions, and all but infinite in its ramifications, before which many of your citizens are bent with abject and mercenary servility. I allude to the great Railway Empire, on the absolute throne of which sits George Hudson." The *Yorkshireman* vowed its columns to the destruction of this tyranny, and incited the malcontents to petition Parliament against the "illegal" return of Smyth.

But the agitation was more noisy than successful. Sir John Lowther, who had had enough of politics, refused to come out in the open, and no prominent Tory could be found to take his place in opposition to Hudson. The official Liberals also, expressing their view through the *York Herald*, were lukewarm about the whole business; if Smyth's election was illegal, so was that of their own candidate, Yorke; they were for leaving matters well alone. Only Duncan, the editor of the *Yorkshireman*, and George Leeman, held staunchly by the rebels. And so in a short while the malcontents decided to

give up the idea of petitioning Parliament, and instead to concentrate on a campaign for overthrowing Hudson's power at the approaching municipal elections in November.

For six weeks, then, an intensive agitation was kept aflame. Twelve sturdy Radicals were nominated to contest the six wards in which retiring partisans or new nominees of Hudson were seeking election. The arrogance, the corruption, and the vulgarity of the Railway King provided a constant theme for the shafts of their criticism. Even Mrs. Hudson was dragged into the contest, and pilloried in the *Yorkshireman* for having delayed the express from Darlington to York for twenty-seven minutes one evening, in order to bring a pineapple which she had ordered by telegram from Newby Park. But what of all this sound and fury—it signified nothing! When the day of voting came, the extraordinary strength of Hudson's hold on York was once more demonstrated. Money was spent like water; indeed it was said that Castlegate Ward alone cost the Railway King £1,000, in order to secure the return of his bank manager, B. T. Wilkinson. The tradesmen of Goodramgate were powerfully canvassed by his brother-in-law, Richard Nicholson—"this pompous fragment of supercilious humanity," as his enemies termed him. The Tories triumphed all along the line. Every single Radical was defeated, and twelve fresh retainers of Hudson swarmed into the Council Chamber, where they triumphantly elected lawyer James Richardson to succeed the Railway King as Lord Mayor for the ensuing year.

It was indeed a rueful day for Leeman and his friends. Well might he complain that the York City Council was now but an appanage of the York and North Midland Railway, including among its councillors not only the chairman and vice-chairman of the company, but also its solicitors, its official agents, its bankers and engineers, and several of the rank and file of its shareholders! Worst of all was the absurd ease with which the Railway King had won his victory—why, he had hardly deigned to appear in York at all while

the battle had been going on, or to answer his enemies either in the Press or on the platform. His portrait by Francis Grant was touring the country, being exhibited in public at Richmond, Whitby, and elsewhere, before coming home to adorn the Mansion House. Hudson himself was paying a round of visits to the nobility, to Lord Londsale, Lord Morpeth, and the Duke of Devonshire, officiating as steward at Morpeth and Northallerton races, and then entertaining on a grand scale at Newby. In his spare time he was assisting Sunderland to go the way of York, and exchange its Radical city councillors for true-blue Tories. His power seemed unimpaired—and why?

In truth the opposition had chosen a somewhat untimely moment for their onslaught on Hudson. Not only had his prestige been enhanced by the return to the new House of Commons of 102 railway M.P.s, among whom could be counted several of his own friends and colleagues. But he had also just brought off a railway *coup* second only in importance to the formation of the Midland in 1843, and even more lucrative to him and his friends. At the end of July Parliament had given its sanction to the amalgamation of the York and Newcastle Railway with the Newcastle and Berwick Railway. It had been hard enough to get the various interests in the two companies to agree. But at length the task was accomplished; suspicions were lulled to rest; and the shareholders of the two companies, early in August, unanimously agreed to form the York, Newcastle, and Berwick Railway Company. But as a kind of by-product of the amalgamation, those shareholders who were "in the know" as to Hudson's plans again received a rich nest egg. For early in March the Newcastle and Berwick Company had approved the issue of 72,000 new shares of £25 each for the purpose of building new branch lines. Now since the Bills to sanction these branches were withdrawn during the Parliamentary Session, it was assumed that these shares would not be profitable investments. Expecting that their value would fall, holders made haste to sell out. But much to everyone's surprise,

during July the shares began to rise in price, instead of falling; and in a few weeks' time they rose to a premium of £4½ each. Then, when Hudson's friends had bought their fill of them,



HUDSON SHOWING QUEEN VICTORIA HOW TO MANAGE A TRAIN

From a series of satirical drawings by "Crowquill" (*How He Reigned and How He Mizzled—A Railway Raillery*)

the reason for the rise was suddenly disclosed. The Railway King coolly announced that the shares would be registered, would receive as from July 1st the same 9 per cent dividend

as York and Newcastle shares, and next January would rank on the same footing as new shares in that line now standing at £6¼ premium.

Was it a wonder then that, with its pockets well filled from this last *coup*, the Hudson party was in no mood to desert its leader? The sunshine was gleaming out again behind the gathering clouds. At the August meetings of his various companies Hudson promised his shareholders that there should be no more going to Parliament for fresh railway Bills in the next Session. The York and North Midland "had now got all that at present it is expedient to attempt." The Midland was in an improved and safer position. While as for the York and Newcastle, "no railway company," he assured them, "has prospects equal to our own." In fine, "I hope we shall now sit down and enjoy that which Parliament has committed to our charge, rather than continue to be engaged in fighting Parliamentary battles." So the reign of peace was to be ushered in, and a golden era of stable prosperity to dawn at last. There was the Land of Promise, just over the next ridge of hills. . . .

CHAPTER XI

# THE DOWNWARD SLOPE
## (1847–1848)

"There's a bad time going, boys,
A bad time going!
Railway shares have seemed to be
A sink for all men's property
In the bad time going.
Lines which used to quarrel then,
To prove whose purse was stronger,
Shall be controlled by honest men—
Wait a little longer!"

*Chorus:* "There's a bad time going, etc."

*Punch*, 1848

ON May Day, 1847, the member for the North Riding had spoken in Parliament of "stoppages of payment staring the mercantile world in the face, and a state of barter hanging over us, with all reliance vanished on the power of the Bank of England to support the credit system, on which our trade is founded." This was no exaggeration. The failure of the potato crop in 1846 (which had intensified the Irish crisis) and the shortness of the American cotton crop both contributed to deepen the depression which had already begun to set in. Then, at the turn of the year, the Bank of England began to raise its rate of discount, first from 3 per cent to 3½, then on to 4, and by April up to 5 per cent. But the tighter money grew, the greater was the difficulty experienced by railway shareholders in meeting the calls made upon them for capital to finance works under construction. To add to the trouble, corn merchants, who had speculated in placing large orders to make good the anticipated food shortage caused by the potato famine, found themselves confronted in 1847 by the prospect of a bumper harvest, which caused

prices to fall heavily. One firm after another went bankrupt, credit was shaken, money could not be borrowed, and there was an almost complete suspension of ordinary commercial and financial transactions. Nowhere was the crisis felt more severely than in Liverpool, where the Royal Bank of Liverpool closed its doors; and doubtless, this collapse sharpened the keen edge of anti-Hudson feeling on the part of the Liverpool shareholders in his railways.

The Railway King, of course, had his own account to give of the causes of the crisis. He would not allow for a moment that it was due primarily to railroad speculation; the villain of the piece, according to him, was Free Trade. The Repeal of the Corn Laws had led to a large importation of foreign corn, in order to pay for which, bullion had been drained away from the Bank of England and exported to America. This antithesis between railway building and corn importation was fully expounded by Hudson in a speech which he made in Parliament after its reassembly in November 1847 to discuss measures to allay the crisis. "We cannot construct railways *and* import corn to a large extent," he argued, "for in such case the bullion will have to be sent out of the country. . . . But instead of putting a stop to railway undertakings, which employ such a large number of men and enable them to live in comfort, I ask whether it would not be much better to stop the great importations of foreign goods which throw so many out of employment and drain all the gold out of the country?" Point was lent to this contention by an Official Return which showed that at the beginning of May 1847 over 300,000 persons were being employed in staffing established railways or in constructing new lines and branches.

With his Protectionist views, Hudson was naturally keenly critical of Peel's Bank Charter Act of 1844. During the autumn of 1847 the financial stringency was so severe that, as he afterwards declared, he was all but forced to order the suspension of several of his railway works, because of the difficulty of converting exchequer bills into cash. In October,

it is true, the situation was relieved by a letter from the Prime Minister to the Bank of England, authorising the issue of notes over and above what was allowed by the Act of 1844. This permission allayed the panic, and caused money to circulate freely again. But Hudson was not satisfied; he demanded the alteration of the Act of 1844, so as to give the Bank power to issue inconvertible notes in time of crisis; and he continued to press forward this view when he was appointed to serve on a Secret Committee of Inquiry into Commercial Distress, under the Chancellor of the Exchequer.

Under these circumstances we can trace for the first time a note of diffidence in Hudson's speeches to the shareholders of his four companies when they assembled for their half-yearly meetings in February 1848. Thus to the York and North Midland shareholders, who were receiving (though they knew it not) their 10 per cent for the last time, he uttered a warning that, since a larger amount of capital would come shortly into operation, they might expect some slight diminution of dividend at their next meeting. He admitted that they were "at present struggling with a great many new lines," and that "it would have been better if they had extended the making of their branch lines over a longer space of time." But after all, he added for consolation, the shareholders had now received back in dividends one quarter of their capital, and any diminution which they might suffer in the near future would be made good as soon as trade conditions improved.

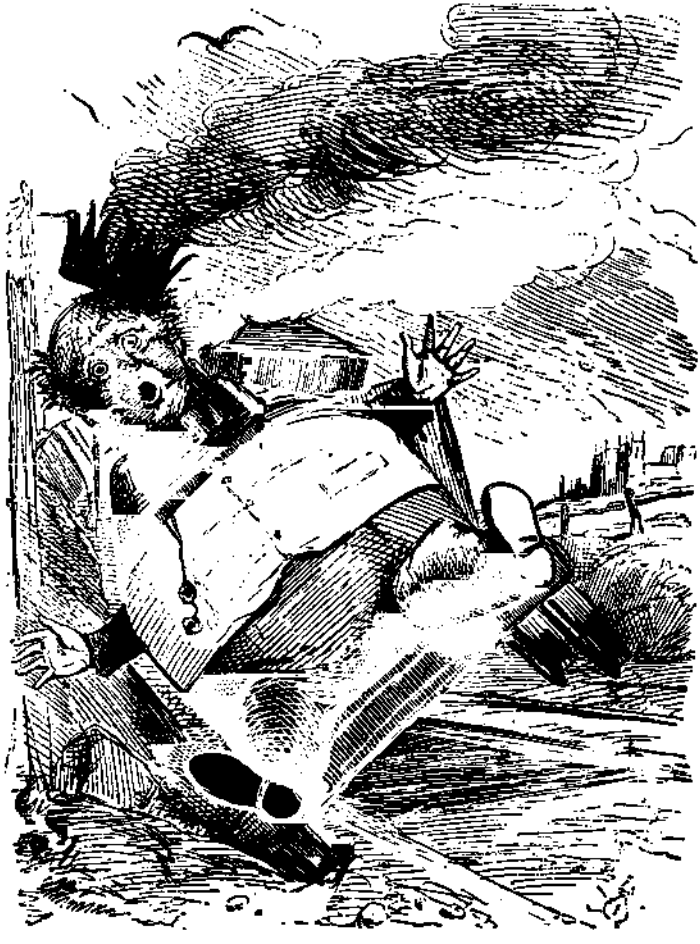
These were new and unpleasant words to come from the Railway King—words which were repeated to the Midland shareholders, and, with less emphasis, to the shareholders of the York, Newcastle, and Berwick Railway. But in both cases the usual dividends, of 7 and 9 per cent respectively, were paid; and the shareholders dispersed without making the slightest criticism of their leader. Only at the meeting of the Eastern Counties Company, where a paltry and reduced dividend of 8s. on each £20 share was announced, did one of the shareholders rise and taunt his chairman with the failure

of his promises. Yet such a taunt was mild enough, since there is no doubt that even this reduced dividend was paid not from the earnings of the line, but out of the company's still open capital account. But it was dividends and not correct accountancy that these shareholders valued.

Hudson's calculations were founded upon an expectation that the year 1847 had seen the worst of the trade depression; his companies had indeed emerged from the ordeal with straitened resources and, since no new capital could be raised for the time being, dividends were bound temporarily to shrink. But as soon as trade began to revive, their old prosperity, he imagined, could quickly be restored. Unfortunately, during 1848 the incalculable occurred. In place of the expected gradual return to normal, the fires of riot and revolution burst forth from one end of Europe to the other, beginning in February with France, and spreading through the low countries into Germany, Austria, Italy, and Poland. Even in Britain the shock was felt, through a sudden resurgence of Chartism during March and April, and a subsequent outbreak of unrest in Ireland. In the track of these disturbances followed general trade dislocation and stagnation. Far from improving, all forms of business grew steadily worse; and upon no part of the economic system did this bear with greater hardship than the railways. Traffic, which had hitherto continued to expand in spite of all unfavourable influences, now for the first time showed a decline; and this proved absolutely fatal to Hudson, whose undertakings were loaded with liabilities, which could only be met by increased railway earnings.

Truly, therefore, the ruin of Hudson was one of the direct consequences of the Revolution of 1848: and it says much for the ingenuity and persistence of his character that he was able to maintain even the façade of his imposing railway structure for another twelvemonth before the collapse and decay that were taking place behind the scenes became manifest to all. Besides the Revolution, however, other lesser

pieces of ill-fortune contributed to increase his difficulties. The first was the state of his own health. The Railway King,



"OFF THE RAIL"
Leech's cartoon in *Punch* of the fall of Hudson in 1849

as we have seen, had led for years a life which, by no stretch of the imagination, could be called temperate. Night after night he had entertained at Newby Park or Albert Gate,

consuming enormous banquets washed down with copious wines. In between whiles he was travelling long railway journeys or sitting up late in the stuffy atmosphere of the House of Commons. Not even the strongest constitution could for ever withstand such ill-treatment; and now ill-used nature began to take her revenge. During April 1848, accordingly, for the first time in his, life Hudson was taken ill seriously and confined to his bed with a digestive disorder which in later life affected his heart and caused recurrent attacks of *angina pectoris*. Undoubtedly this illness had a crippling effect on his public actitives for the time being. For during the Session of 1848 he spent much less time than usual in Parliament and delivered fewer speeches. Almost his only important utterance was on June 2nd, when he gallantly descended into the last ditch to resist Labouchère's resolution to abolish the Navigation Laws. Earnestly he pleaded on behalf of the interests of Sunderland, where one-third of the whole country's new shipping was constructed, and where the livelihood of 25,000 employees was threatened by the proposal to take away their traditional protection. But his opposition was entirely vain; nor did his influence avail, a few weeks later, to turn the scale of the Report of the Secret Committee on Commercial Distress against the Bank Charter Act of 1844. Hudson voted among the minority of 11 against 13 "that the laws for regulating the issue of bank-notes payable on demand aggravated the commercial distress in the year 1847." But the majority report, while attributing the depression partly to the deficient harvest of 1846 and to the cost of importing grain in 1847, as well as to the failure of the cotton crop in the latter year, also specifically blamed "the diversion of capital from its ordinary employment in commercial transactions to the construction of railroads," and concluded that no case had been made out for altering the Bank Act of 1844.

Besides his own illness, Hudson suffered several personal losses during the year, which he could ill-afford. First of these

was the resignation by Lord George Bentinck in February of the leadership of the Conservative Party in the Commons. Bentinck, a lover of horses and agriculture, who had turned to politics late in life, had made much of Hudson and had drawn him into the inner counsels of the party. His retirement, on account of conscientious differences with the party policy, was followed within a few months by his death, which contributed to weaken Hudson's influence on the Front Bench. For young Disraeli, his natural successor, though an occasional guest at Albert Gate, was never on terms of close intimacy or alliance with the uncouth Railway King.

Next, in the middle of May, Robert Davies, after completing twenty years service as Town Clerk of York, laid down his office and went into honourable retirement. Though he still retained the services of Davies as co-director on the York, Newcastle, and Berwick Company, and though the new Town Clerk appointed in his place was a brother of James Richardson, yet Hudson missed his old friend's sure grasp of the machinery of York's local government; and it is significant that from that date we can notice the appearance of the first breaches in the unlimited supremacy over the city's affairs which he had so long enjoyed. Then, almost on the same day as Davies' retirement occurred a strange and shocking fatality—the suicide by poison in Regent's Park of Henry Readhead Yorke, the senior and Whig Member for York. It was brought out at the inquest that he had for some time past shown signs of eccentricity bordering on insanity; and the coroner, who knew him personally, recounted how Yorke had repeatedly asked him the strange question "whether he did not think it likely he should some day hold an inquest on another member of the House of Commons, whose name, of course, he should not mention." It rather looks as though poor Mr. Yorke must also be included amongst those in whose minds the Railway King had become something of an obsession! In the by-election which followed Yorke's death Hudson took no part.

A third loss—most grievous of all—was sustained by Hudson in the death on August 12, 1848 of George Stephenson, in his sixty-eighth year. For some time past—indeed, ever since the Railway Mania of 1845—the great engineer had taken little part in active railway business, and had lived more or less in retirement at Chesterfield. But though his direct utility to the Railway King was now small, his name was still one to conjure with. The names of Hudson and Stephenson had been closely associated together ever since 1835, and the former had repeatedly, at one railway meeting after another, avowed himself to be but a humble instrument in the hand of the "father" of railroads. From time to time Old George's advice was sought, or he was dragged forth from his retirement by Hudson to grace some banquet celebrating the opening of a new portion of line. But the last occasion on which the two were seen together in public concerned not railways at all, but that other mutual interest which had drawn them together from the day of their first meeting—the land. An ambition which Hudson had nursed for several years was fulfilled when in the summer of 1848 the Royal Agricultural Society held its annual meeting in York, and he was chosen by the City Council to be Master of the Ceremonies, so far as making all local arrangements for receiving visitors were concerned. In this capacity he escorted the Prince Consort from Rugby to York to open the Show. And then for a few days Hudson revelled in the glory of fat cattle, prize pigs, shire horses, and their natural accompaniment of prize-givings, speech-makings, banquets, and balls. Meanwhile, a house party of more than usual eminence was entertained at Newby Park, where George Stephenson was invited to meet the Dukes of Richmond and Buckingham, the Earl of Lonsdale, Lords Stradbroke and Ingestrie, Lord George Bentinck, and the American Ambassador. A short month later, George Stephenson lay in his grave, and by October, Lord George Bentinck had followed him.

The passing of Stephenson was an ill-omen for George

Hudson, for it occurred at a moment when his fortunes were fast ebbing, and he had need of every ounce of prestige that he could muster. All those expressions of doubt for the future which he had let drop at the February meetings of his railway companies had now been fully realised, and more. It was not that the year had so far been barren of railway achievements. The rival East and West Coast routes to Scotland were now both open, and in competition with each other; but Hudson's lines more than held their own in speed, as was proved by the dispatch of an express from London on February 24th which reached Glasgow in ten hours and twenty-two minutes, travelling at an average speed of 46 miles an hour all the way, and attaining 54 miles an hour between Rugby and Normanton. Then the new Midland line from Syston to Peterborough was opened on May Day. And, finally, on August 29th, Robert Stephenson's great High Level Bridge over the Tyne, which had taken so long to promote and construct, was opened for the first time to railway traffic, though part of the structure was temporary only and of wood. The fulfilling of these engagements, indeed, necessitated heavy temporary borrowings from the bank, which served to give a final downward push to the Railway King's shaky credit in the money market.

Already in one of his enterprises he had reached the end of his tether. By the late spring of 1848 it was generally known that the Eastern Counties Railway had exhausted its resources, and was incapable of paying further dividends without fresh capital issues.

In a last desperate gamble, therefore, Hudson came before the shareholders with a scheme involving another large issue of shares. He proposed to buy up two neighbouring railways, the Norfolk Railway, which provided a continuation of the Eastern Counties main line from Brandon to Norwich and Yarmouth; and the tiny Chesterford to Newmarket Railway; the purchase price would be £676,000, to be raised by the issue of guaranteed stock. It was not

without considerable reluctance that Hudson dared to bring this proposition forward to the special meeting on May 2nd. "The directors," he pleaded, "had done all they could" to raise the money in some other way. "They had paid up their calls," he went on rather naively; "they had borrowed considerable sums on their own responsibility—and so adverse had he been to come before them to ask for powers to raise a capital, that he had offered to give his own bond and deposit deeds with a large establishment for a loan of money until October, but without effect. Unless they could raise money to enable them effectually to carry on their business, they could never receive such a dividend as he considered their due." As the *Railway Times* grimly commented, this passage in Hudson's speech only showed how low his credit had already sunk. He succeeded, indeed, in securing the desperate shareholders' assent to his project, but at a cost of making public the fact that he could no longer borrow money from any outside source.

Three months later, when he presided over the August half-yearly meeting, even the little spark of optimism kindled by this May meeting had died out. A long and querulous discussion followed the chairman's announcement of a dividend of no more than 8s. on every £20 share. Some hankered in vain to have this dividend paid free of income tax; others petulantly complained that the auditors had been appointed by the directors rather than by the shareholders themselves. Hudson showed himself exasperated and wearied by these constant minor criticisms; it was the day of George Stephenson's funeral, he reminded them, and he would have been following his old friend's body to its last resting-place, had not his sense of duty kept him at his post in their service. So the meeting in due course broke up, sore and grumbling, Hudson alone possibly realising that this was the last occasion on which he would preside over their deliberations.

Gloom also prevailed at the August meetings of the Midland, York, and North Midland, and York, Newcastle, and Berwick

companies, at which reduced dividends at the rate of 6, 8, and 8 per cent respectively, were declared. Hudson had to admit that traffic had everywhere fallen off even more than he had anticipated, owing to the continuance of the trade depression and the troubles on the Continent. A series of damaging exposures of the financial weaknesses of the three companies had been recently published in pamphlet form by Arthur Smith; but Hudson refused to reply to these attacks, contenting himself with promising strict economy in management, while demanding that Government should ease the burden of railway rating. At the Midland meeting, however, in reply to the Liverpool shareholder Brancker, who argued that Hudson's policy of leasing small lines was responsible for all their disasters, he let slip the foolish observation that their dividend that half-year would have been 5 per cent instead of 6 per cent had he not taken into account the better prospects that faced them for the next half-year. But this was equivalent to an admission that he was paying them a higher dividend than they were really earning!

Before that meeting began, rumours had been circulated that the Railway King was about to retire from the chairmanship of the company—rumours which he denied in the most emphatic language. "So long as I have health and strength," he told them, "so long as I enjoy your confidence and have power any way to serve you, nothing shall induce me to quit the company. I have a natural predilection for this company, and should be unworthy of the name of Englishman if I for one moment thought of quitting it, so long as it is in my power to promote its interests." Nothing could be more definite and solemn than this assertion—yet the doubters who whispered that Hudson's allegiance to the Midland was no longer what it had been were not without their reasons. As far back as October 1847, Hudson had begun to show signs of modifying his old attitude of unbending hostility towards the Great Northern Railway; and as fast as, under Brassey's contracts, portions of its main line began, one by

one, to struggle into existence, Hudson became readier than ever to acquiesce in the inevitable, and to consider negotiating its admittance into the East Coast route. And here, unfortunately, he found himself involved in an inescapable dilemma. It was impossible for him to remain loyal any longer *both* to the interests of the Midland *and* to those of the York, Newcastle, and Berwick. For to the latter every month that passed made it seem a more obvious matter of common sense to make junction with the shortest route between York and the Metropolis. But to the former, an alliance of the Great Northern with the York, Newcastle, and Berwick Railway would spell an end for ever to the dream that the Midland could serve as the backbone of the main through route to Edinburgh.

No doubt Hudson was sincere enough in his devotion to the Midland which, after all, had been his first conquest, and whose accounts he had always treated with more respect and less manipulation than those of his other companies. But there remained—to weigh down the balance—the interests of the York and North Midland, which was dearest and closest to his heart. The York and North Midland stood in a precarious position as between the two rivals. Geographically, it formed a link between the Midland system and the railways North of York; and therefore it could not quarrel with the Midland. But on the other hand, was there not Denison's threat to bring the Great Northern main line direct into York from the south, and so cut the York and North Midland out of the through traffic to the north, and turn it into a mere cross-country connection? This prospect could not be endured; and therefore Hudson, no doubt foreboding the end, began in the summer of 1848 a secret negotiation designed to enable the York and North Midland to keep a footing in both camps.

In order to make use of the permission granted by Hudson to run trains over the Midland line into Leeds, the Great Northern Company had entered into an arrangement with

the Manchester and Leeds Company, which had now extended its line eastward from Wakefield to Pontefract and Goole, and had been rechristened the Lancashire and Yorkshire Railway. By this arrangement the Great Northern gained the use of a stretch of the Lancashire and Yorkshire line between Askern and Wakefield; and to this were linked the first five miles of the Great Northern main line, between Doncaster and Askern. Now into Hudson's mind came the hope that perhaps he could somehow stay the progress of the Great Northern at Askern, and induce Denison to abandon his original plan of building a new line between Askern and York direct. With this end in view, Hudson, at the eleventh hour, offered his old enemy running powers over the York and North Midland line, a concession calculated to save the Great Northern shareholders the unpleasant expense of paying out their capital to build the new bit of line between Askern and York. One small obstacle stood in the way, there was no direct connection between the York and North Midland line and the Lancashire and Yorkshire line, save at Wakefield, which would have involved a roundabout journey. So, to shorten the distance, and make his scheme feasible and attractive, Hudson during 1847, while the York and North Midland shareholders were still his devoted clients, obtained from them and from Parliament sanction to construct a small link line between Burton Salmon on the York and North Midland and Knottingley, on the Lancashire and Yorkshire Railway. The significance of the "Knottingley Curve," as it was called, passed unnoticed at the time; but a year later, it began to be understood as giving the key to a reorientation of Hudson's whole policy. For by this *exiguum inclinamen*, or tiny swerve, the York and North Midland, instead of serving as feeder to the Midland, might become a connecting link between the Great Northern and the York, Newcastle and Berwick. Thus, Hudson, even at the moment when he was laying his hand on his heart and protesting eternal fidelity to the Midland, was securing a way of escape

into the camp of the Midland's bitterest enemy. He first announced at the York and North Midland on August 21st that he was negotiating with Denison, and from that moment suspicion of his loyalty began to grow and take shape in the minds of the Midland shareholders. For the first time they began to listen favourably to the voice of the Liverpool group, who had so long questioned the honesty of their chairman.

But not only were these rumblings of revolt heard in the Midland ranks; more dangerous and immediate difficulties faced the Railway King. In order to pay even the reduced dividends of this half year, he had subjected his financial resources, as well as all the arts of his unorthodox accountancy, to dangerous strain. And so at the end of August and early in September, he had to repay nearly £400,000 which he had borrowed from the banks on behalf of his various companies. How this was achieved we shall shortly guess: certainly the money was found, but the repayment swept away the last reserves and left each company working upon a shrinking revenue that provided no adequate margin over expenses for the payment of future dividends.

No sooner did rumours of this repayment leak out, than a sudden and painful slump took place in the value of shares in the Hudson lines. Throughout the first eight months of 1848 the premium on these shares had been gradually melting away; still, up to the last week of August, they all kept their heads near to or even above par. Then the panic began. By October 27th the York and North Midland £50 share had fallen from £62 to £46; York, Newcastle and Berwick £25 stock from £30¾ to £23; Midland £100 stock from £93 to £73, and Eastern Counties £20 shares from £14⅜ to £12⅝. The decline in share values was not, of course, limited to Hudson's lines; it affected the railway stock market as a whole. And the result was a general outcry of irate shareholders, demanding that their directors should speak the truth about the actual condition of their property,

and give plain facts and figures as to earnings and expenditure.

The Railway King hastened at once to improvise means to meet the difficulty. "Directors are restlessly hurrying to and fro," noted the *Yorkshireman*, "meeting in secret conclave, holding long consultations with their secretaries and legal advisers, and coming to a resolution, in fair desperation, of submitting to the shareholders generally a debtor and creditor account." But at the critical moment Hudson's health failed him once again. At the end of September he was incapacitated with a return of digestive trouble, which seized him while he was on a visit to Lord Lonsdale: and worse still, his man of law, James Richardson, was also stricken down with grave illness and was unable to come to his help in any way. In consequence, the compilation of his financial statements was delayed, and it was not until November 14th that John Close was ready to issue the long awaited documents to the public from his office in York. Their reception by the Press and the shareholders was anything but enthusiastic. By the simple process of arbitrarily assuming that the ratio of working expenses to receipts would amount to no more than 29 per cent, that traffic would substantially increase, and that the rate of interest payable on borrowed money would shortly fall, Hudson reached the comfortable conclusion that the dividend of the York and North Midland would soon rise again to 7½ per cent, and that of the York, Newcastle and Berwick to 10 per cent. No wonder that the *Railway Times* scornfully labelled the statements "financial curiosities," and spoke of the York, Newcastle and Berwick manifesto as "a desperate effort to revive the waning confidence of the proprietary of this company." For the moment indeed, the headlong fall in the value of railway shares was checked; but plainly a storm was brewing, and the shareholders were settling down to examine the next set of accounts to be presented to them with an eye more critical than ever before.

The Railway King's prestige had indeed sunk low. Even

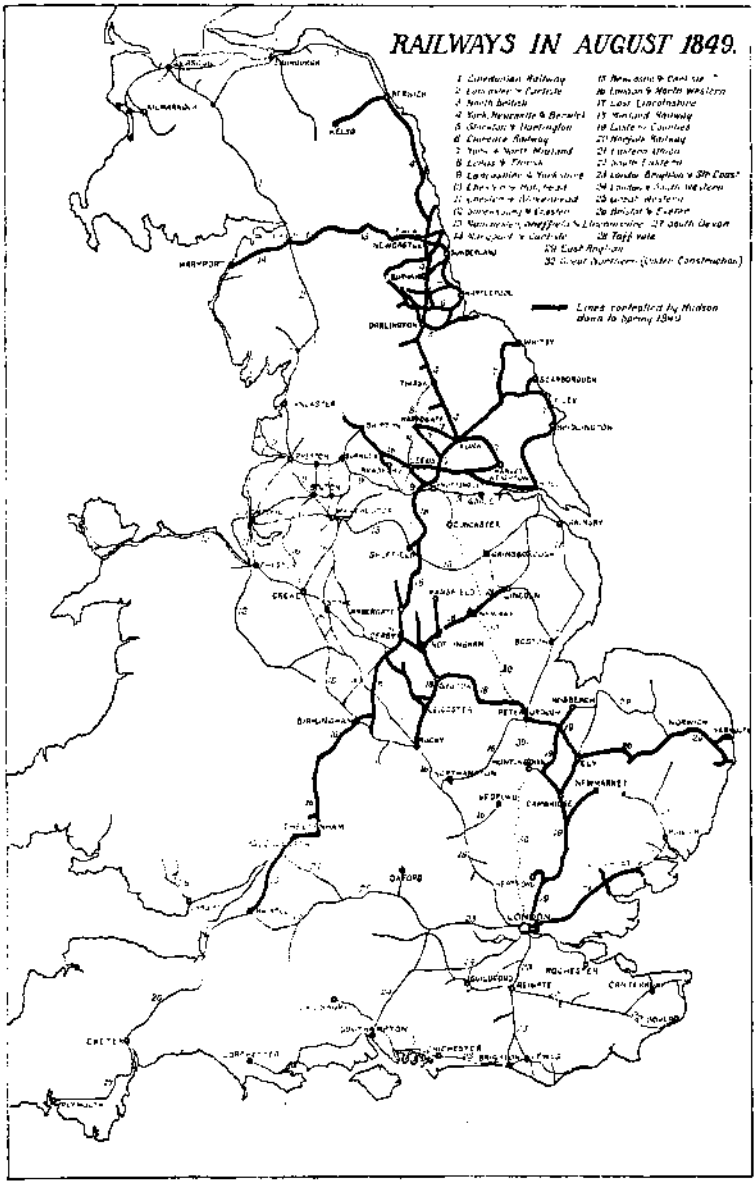
in the citadel of his kingdom, York, the decline was becoming manifest to all. In the November elections to the City Council George Leeman and his stubborn band of Radicals achieved at last the first reward of their perseverance: they captured a couple of Tory seats and came within an ace of carrying Monk Ward, the supposedly impregnable stronghold of Hudson's influence. One of the unseated Tory candidates was the proprietor of the *Yorkshire Gazette*. On the new Council, too, unpleasant questions were raised on the subject of Lendal Bridge Act. The Council now possessed full powers to proceed to the building of the new bridge; but Hudson in his original offer had promised on behalf of the Railway Company to bear the lion's share of the cost. Alas, it was now only too patent that the York and North Midland would need every penny it possessed to keep itself afloat without subsidising Lendal Bridge! For early in December 1848 a distress warrant was taken out against the Company for failure to meet a modest demand for rates in the township of Huntington. The breaking point had almost been reached.

Yet this menacing condition of affairs was not without its perplexing and paradoxical features. At this very moment, when he was tottering to his fall, the Railway King's reach seemed to extend further and further over the railway world. His vast and lopsided realm refused to cease from growth, even in the hour of dissolution. Thus during the summer of 1848 Hudson had learned that the Caledonian Railway was offering to take a lease of the Newcastle and Carlisle Railway—a move which threatened the interests of the York, Newcastle and Berwick, and the East Coast route to Scotland. Unhesitatingly, then, he stepped forward and took the responsibility upon himself of leasing the Newcastle and Carlisle on behalf of the York, Newcastle and Berwick Company, which from August onwards worked this line as a part of its own system. Two months later he completed the transaction by leasing also the Maryport and Carlisle Railway, leaving both contracts to be ratified by the York, Newcastle

and Berwick shareholders at their next half-yearly meeting in February 1849.

By the irony of fate two other unexpected suitors also appeared to woo his controlling hand. The fortunes of the venerable Stockton and Darlington Company had sadly declined from their former prosperity, and its directors were now eager to discuss with Hudson a scheme for transferring their railway to his care. By the beginning of November 1848, agreement had been reached, and preliminary notice was given in the Press of intention to introduce a Bill for leasing the line to the York, Newcastle and Berwick at a guarantee of about 9 per cent interest on the capital. The stiffnecked directors of the North British Railway had also changed their tune since they had rejected Hudson's generous offer a year ago. At a meeting at Newcastle on October 14th they announced that they had approached him afresh and invited him to lease their lines on the very terms which he had formerly offered them in vain. But times had now changed, and the North British was no longer an attractive proposition to the Railway King, nor indeed could even his ingenuity have devised a way to raise the new capital necessary to buy it in the existing state of the money market.

The empire over which Hudson ruled had now ripened to its fullest maturity. At the close of 1848 there were 5,007 miles of railway open in the United Kingdom. Of these no less than 1,450 were under the control of the Railway King —458 on the Midland system, 407 on the York, Newcastle and Berwick, 325 miles on the Eastern Counties, and 260 on the York and North Midland. His power began on the border at Berwick-upon-Tweed, and practically monopolised the whole North-East as far south as York. From East to West it stretched from Sunderland across to Maryport, and from Hull to Bradford and Skipton. Through the Midlands it crept down to Rugby, and away to the South-West it reached a lonely arm to Bristol. Then from Leicester and Nottingham its tentacles ran out into the East, one of them




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feeling its way deviously into touch with the straggling Eastern Counties Railway. And so by Cambridge and Colchester, the Hudson influence extended to London. This immense realm thus embraced in embryo three of the great railway systems of the late nineteenth century—the North Eastern, the Midland, and the Great Eastern. One of these Hudson had himself created; the others were to emerge out of the ruins of his empire when the crash was past.

The capital which had been expended on Hudson's four railways during the period of his control was, of course, for those days immense. From the time of launching down to the end of 1848 the York and North Midland had incurred a capital expenditure of £4,620,000, and the York, Newcastle and Berwick £7,245,000. The capital of the three constituent railways of the Midland had stood, at the time of amalgamation, in the winter of 1843, at £6,245,000; by the end of 1848 this had been inflated to over £14,000,000. Finally the capital expenditure of the Eastern Counties Company had grown from £3,804,000 when Hudson assumed its leadership in 1845, to £13,139,000 by the beginning of 1849. Altogether therefore, the Railway King had had the spending of nearly £30 millions of capital, of which a large part had been used to pay guaranteed dividends on leases and extensions, and high dividends to ordinary shareholders.

And now the end had come. No more capital could be raised; no new attractive schemes of extension could be dangled before the half-yearly meetings. The long-awaited turn of the tide of national trade had failed to materialise. Creditors were clamorous, and open rebellion was breaking out amongst the duped shareholders. Worst of all was the fatal division of interest between the constituent elements of Hudson's kingdom, brought about by the intrusion of the Great Northern. Hudson had come to realise the untenability of his position as chairman of four railways with such divergent interests as those of the Midland and Eastern Counties on the one hand—irreconcilable in their rivalry

with the Great Northern—and the York and North Midland and York, Newcastle and Berwick on the other hand, already moving towards an alliance with the Great Northern. He knew that he would soon be driven to a final choice between the two groups, and had already made up his mind what that choice was to be. He would discard without regret the miserable and profitless Eastern Counties Company, and also seek the first honourable excuse for withdrawing from the Midland, so soon as he had completed his negotiations with Denison, and assured the future of the York and North Midland as an essential link in the new direct East Coast route.

Such were the Monarch's plans for reconstructing his kingdom on more compact and secure lines. Had he been five years younger, and not a sick man, who can say that they might not have proved feasible? But instead, his courage was low and his energies sapped. "So sick and tired am I of this thing," he groaned during the York and North Midland meeting in February 1849, "and so difficult have I found the negotiations with parties about land and everything else, that I would not care if I never had another landowner to deal with, nor another railway to construct!" It was whilst he was in this mood of despondency that the deadly mine that his own negligence or duplicity had long prepared exploded under his feet and hurled him to his ruin.

CHAPTER XII

# THE CATASTROPHE
## (1849)

> "We all know that where he (Hudson) is, there silence cannot be—that his chatter is as inseparable from his presence at these semi-annual gatherings as would be the cackling of the geese from a representation of the ancient attack on Rome. Where was he? Had he no vain boastings to indulge in—no *ex cathedra* expositions of Hudsonian policy or economy to announce—no new schemes to puff up—no dirty work to do, to vindicate, to excuse, or to bully off?"
>
> *Railway Times*

EACH of the four half-yearly meetings due at the beginning of 1849 boded trouble for the Railway King; yet he had not quite lost hope, but made such preparations as he could to allay or avoid the discontent which he knew he must face among his shareholders. He was prepared to sacrifice —in view of their unpopularity—the leases he had undertaken, on behalf of the York, Newcastle and Berwick, of the Newcastle and Carlisle, and the Maryport and Carlisle Railways. And under cover of this retreat, he hoped to persuade the shareholders to pass over the remarkable fact that he had lent nearly £150,000 of their money to the Sunderland Dock Company without Parliamentary sanction. Furthermore, since the York and North Midland receipts had alarmingly fallen off owing to the strangulation of Hull shipping by the Danish blockade, he made a hurried attempt to reorganise the line by reinstating his former henchman Peter Clarke as traffic manager, and instructing him to make drastic economies in working. The Eastern Counties Railway he had already given up as hopeless; and at the end of January rumour was busy with his impending resignation, an excuse for which he found in some difference of opinion that had arisen between

himself and his co-directors concerning the financing of a new steamboat service between Harwich and the Continent.

On the whole the Midland meeting at Derby promised to be the most difficult of the four, since it was known that the Liverpool party intended to make a frontal attack upon the directors. But when the time came, on February 15th, "the unhappy and discontented belligerents were fairly put down by force of lungs!" yet once more. When Wylie, the spokesman of the Liverpool party, complained of the reduction of the dividend to 5 per cent and demanded the setting up of a Committee of Investigation into the company's affairs, John Ellis declared that the resolution was nothing less than a vote of censure on the directors; while Hudson threatened the meeting that if it were persisted in, the shareholders would find themselves without a chairman and suitable board to conduct their affairs at all. Thus, bewildered and unwilling to proceed to extremes, the shareholders voted to negative Wylie's proposal by a large majority.

Five days later the shareholders of the two northern companies were called together as usual at the De Grey Rooms in York. The York and North Midland meeting passed off without incident, in spite of a further lowering of the rate of dividend to 6 per cent. Then followed the York Newcastle and Berwick meeting, which began in orthodox fashion with Hudson moving the adoption of the report and justifying the reduced dividend, also at 6 per cent. Suddenly the atmosphere of the meeting, up till then gloomy but calm, was electrified by the putting of a simple question to the Railway King, with affected nonchalance, by one of the shareholders.

It was not from Liverpool, nor from York or Newcastle, that this question came, but from London. A trap had been laid for the upstart provincial by two members of the London Stock Exchange, Horatio Love and Robert Prance, who held shares in the company, and had been subjecting its accounts to a minute scrutiny before the meeting. Their attention had

been directed, by an anonymous letter which appeared in the *Railway Times* two months previously, to the arrangements which had been made for completing the purchase of the Great North of England Railway. By the terms of that purchase Hudson had agreed that by 1850 the shareholders in that railway were to be paid off at the rate of £250 for every £100 share and proportionately for the shares of smaller denomination. Naturally and prudently, the directors of the York and Newcastle Company (as it then was) did not wait until 1850 before making preparations to raise the £4 millions of capital which would then be required. On the contrary, as soon as Parliament had ratified the purchase scheme in July 1846, they invited from their shareholders subscriptions to a new capital stock, at guaranteed interest, the money of which was to be used to purchase (and so extinguish) batches of Great North of England shares whenever the market price was low. This was sound common sense, since the trade depression caused Great North of England shares to fall, temporarily, to a discount: £100 shares, though redeemable in 1850 at £250, could be bought during 1846 for about £215.

The correspondent of the *Railway Times*, however, pointed out that Hudson had not been using the money raised by the guaranteed stock to purchase Great North of England shares as had been intended, but to finance new construction work on the York, Newcastle, and Berwick line. Of nearly £1½ millions raised by calls on the guaranteed stock, only just above half had been applied to the purchase scheme. On the other hand, fresh money had been borrowed at a high rate of interest and large capital discount, to cover up the deficiency and continue the purchase of Great North of England shares.

Once their suspicions were aroused, Prance and Love made a methodical and minute examination of all the purchases of Great North of England shares that figured in the York, Newcastle, and Berwick accounts. They soon

came across a startling fact. Some of the shares—particularly those of smaller denomination (£15)—had been bought by the company at a very high figure—an excessively high figure. These £15 shares had been bought at £23 10s. 0d. apiece. They looked up their old Stock Exchange lists, and found that at no time since 1846 had these shares stood higher than £21 or so in value. Then why had the company paid these prices? This was the question which Robert Prance, amid growing excitement and some applause, rose to put to Hudson, at the conclusion of the latter's speech in moving the half-year's report. The total number of shares stated to have been bought by the company was 3,790, and, said Prance, "I am sure that no more than the odd hundreds were bought by the public, so that *someone* has received great benefit by selling them at this extravagant price to the company." All eyes were turned at once to the chairman.

And here the Railway King made a false step—a fatal and irretrievable false step. He stammered out an admission that he had had 2,800 of those shares, and that there had perhaps been some slight overcharge—for which he blamed Nathaniel Plews, a fellow-director who had formerly been chairman of the Great North of England board and was entrusted with the task of valuing the shares as they were purchased. "If I have disposed of them to the company at a larger price than I ought to have done," he went on lamely, "I shall be disposed to do whatever the shareholders think will be most just and fair." In earlier days this kind of excuse would have been accepted and no more heard of the matter, but now the temper of his audience was different. A few shareholders faintly defended Hudson, who offered to take back the shares and refund the purchase price with interest. But Prance, declaring that it was a question, not of mere money, but of their chairman's reputation, insisted on the appointment of a Committee of Investigation, and this was agreed to after a short debate. The meeting broke up in turmoil, and all kinds of rumours were soon flying from one end of York

to the other. The accusation against Hudson, declared the *Yorkshireman* (which had been in Prance's confidence before the meeting) was "*the* absorbing topic of discussion in the city. His former familiars shrug their shoulders, and profess to be quite confounded with amazement. . . . The present accusation is comparatively a *bagatelle:* but it will lead, or we are much mistaken, to disclosures more disastrous and more startling to the shareholders and the public."

It was some days before full reports of the meeting on February 20th found their way into the London newspapers. Most of them depended for their Yorkshire correspondence on the *Yorkshire Gazette*, which on this occasion withheld all but a bare summary of the proceedings. At the outset, indeed, Hudson entertained hopes that the Committee of Inquiry would let him off lightly: for, apart from Prance and Love, the other three members of the committee were all Yorkists, and one at least of them—Clayton—was under close obligations to himself. But within a short time matters took a more serious turn: Prance was voted by his colleagues into the chair of the committee, and a long and detailed examination of all concerned in the dubious transactions was commenced. The committee took evidence for three weeks or more, and the suspense alone was as damaging to Hudson's nerves as to his reputation.

But meanwhile the half-yearly meeting of the Eastern Counties Company fell due on February 28th. Hudson, as we have seen, had already made up his mind to resign from the directorate, and he now decided also not to attend the meeting in person. On February 25th, therefore, his *fidus Achates*, Waddington, was disagreeably surprised to receive the following letter addressed from Newby Park: "My dear Sir, as I feel I cannot go strongly along with you in reference to the steamboat question, I have made up my mind not to attend the meeting on Wednesday next. I sincerely wish you well through it. I hope, if any attack is made on me, you will, if you can, defend me with reference to your Company. I,

unfortunately, hold a very large share, and bought at a very great price, and lose terribly by the concern: they invited us—they were in a ruined condition both as to stock and credit. I shall resign whenever it may suit you and the board. By not attending, I shall avoid the Norfolk question, which I could not but throw over. I am Yours, very truly, George Hudson."

Waddington's feelings, on being thus left, as vice-chairman, to face the music alone, may well be imagined. There being but two days to go, he sent an urgent telegram to Hudson, imploring him to attend on the 28th, if only to make clear the reasons for his resignation. But no answer came, save an official intimation from the Electric Telegraph Company that "the wires to Newby Park were not in working order." This excuse covered a strange story. On the 26th Hudson came up to London from York, to attend a gathering of Protectionist Members of Parliament which had been summoned to meet at Lord Stanley's house. But as soon as Lord Stanley learned that Hudson had arrived, he bade his secretary call the Railway King aside and intimate to him that, in view of the charges hanging over him in connection with the York, Newcastle, and Berwick Railway, "it appeared to him it would show better taste if Mr. Hudson did not make any appearance in public, or among his legislative compeers, until the matter had been satisfactorily settled." This was a terrible blow to Hudson. He "took the intimation in high dudgeon, and forthwith quitted Lord Stanley's mansion under feelings of as deep mortification as he perhaps ever before experienced. He took a cab the moment he got out into the streets and hurried down to Euston Square Station, taking the first train to York, without having called on a single individual during his flying visit to town." This was the real reason why Waddington received no reply to his telegram. The Railway King now knew that Society, ever sensitive to the slightest breath of scandal, had thrown him over, and that his whole political career was in peril.

Still, it might have been better for his reputation had he nerved himself to attend on the 28th after all. The shareholders of the Eastern Counties Company were naturally present in force. "At the appointed hour the directors entered the room, but Mr. Hudson, M.P., the chairman of the company, not being amongst them, they were received with prolonged and indescribable expressions of dissatisfaction, groans, and hisses, mingled with cries of 'Hudson! Hudson!' 'Why is not Hudson here?' and similar indications of the overflowing discontent of the shareholders. What a contrast to the meeting in September 1845, when the same mass had cheered the advent of Hudson, as if he had been a god descending amongst them!"

The wretched Waddington had to struggle as best he might through a scene of "most disgraceful uproar, disorder, and confusion." The reading of Hudson's letter provoked loud laughter, hisses, and catcalls; and naturally Waddington, who had to announce and justify a paltry dividend of 5s. 6d. a share, threw as much of the blame as he could upon the absent chairman. Naturally, also, the shareholders insisted on appointing the usual Committee of Investigation, over which a prominent shareholder named William Cash, a Quaker, was asked to preside.

With these two Committees of Inquiry at work, it was not to be expected that the shareholders of the Midland would be content to remain quiet. Early in March, Wylie and his Liverpool friends presented a requisition to the directors calling for the holding of a special meeting to appoint a Committee of Investigation; and this time they found themselves knocking at an open door. The full significance of Hudson's negotiations with the Great Northern Company and his scheme for the Knottingley curve had now sunken in; and his own colleagues on the board were the first to condemn him. On March 13th the Midland directors met at Derby without their chairman, and at once resolved to call the special meeting demanded by Wylie. More, a week later

one of their number, addressing a meeting of Liverpool shareholders, declared that the board was now ready to receive Hudson's resignation. That there was something unseemly about the haste with which these directors threw over their old leader, was noted even by his enemies. "We must confess," wrote the *Yorkshireman*, "that the repeated betrayals of Mr. Hudson by his former truculent friends excites a sympathy in our minds for the humiliating position in which he is now placed."

Possibly by now the Midland directors had gained some inkling of what the Prance Committee was likely to report. Three times during March the *Yorkshire Gazette*—whistling to keep its courage up—assured its readers that this report would completely exonerate the Railway King. But the weeks passed by; no report appeared, and this was an unfavourable omen. For behind the scenes a desperate struggle was taking place. Prance, recalling Hudson and Close to give evidence over and over again, was probing the mystery to its unsavoury roots: and one by one the Yorkist members of the Committee were forced to agree that the facts warranted only one conclusion. Clayton was the last to consent to sign, and it was due to his influence that the Report, when it appeared in the second week of April, was unexpectedly mild and reticent in its wording and conclusions. But the bare evidence was damning enough.

At the time when the purchase of the Great North of England was ratified by Parliament, in July 1846, Hudson possessed no shares in it whatever—a fact of which he boasted inordinately a year later in the following terms: "If I had wanted to abuse the trust reposed in me, I might have made a fortune by buying Great North of England shares, but I did not make a sixpence by that means, and I challenge any man to prove that I made a sixpence out of that transaction whatever . . . I hold that I should have been perfectly justified had I bought shares, but I did not do so." What he actually did was to wait three months until early in October, when

he ordered his stockbroker to begin buying various classes of Great North of England shares for him. The reason of this emerged on October 26th, when at his suggestion the shareholders of the York and Newcastle Company, at a special meeting, sanctioned the issue of new 6 per cent guaranteed stock to be used for purchasing Great North of England shares at the lowest market price. Immediately after this, the directors met and resolved that Hudson should have sole charge of managing these purchases, while Nathaniel Plews was to calculate the prices to be paid for the shares. Unfortunately the directors could produce no minute of either of these decisions. Worse still, the whole purchase account was imperfectly kept, "the entries in the journal of the purchase of shares being without dates, and being so made as to baffle examination, without the aid of other materials." The directors other than Hudson were content to remain in complete ignorance of the account down to February 13, 1849, though periodically two of them, James Richardson and Robert Davies, signed whatever cheques the secretary Close put before them. As the *Railway Times* observed, "it is hardly possible to overestimate the more than Trappist silence with which this affair was conducted."

On the day following the shareholders' meeting—that is, on October 27, 1846—Hudson made his first sale to the company of shares to the value of £131,867. These shares were of various denomination, but in each case "the prices were fixed by Mr. Hudson himself, assisted by Mr. Close" on the basis of Plew's valuation, which worked out slightly in excess of the price then prevailing on the stock market. The excess was, however, trifling except in the case of 2,874 £15 shares, for which Hudson was paid £23 10s. each instead of £21, thus receiving £7,185 extra. For this discrepancy Close gallantly offered to take the whole blame on his own shoulders. He had, he said, misread the memorandum of Plews upon which he had based the calculation he placed before Hudson. And certainly when the scrap of paper on

which Plews had jotted down his figures came to be examined, it seemed as though such an error might easily have crept in.

Hudson's defence was that he had accepted Close's calculation in good faith. "I never discovered that there was any error," he said, "or doubted that the transaction was perfectly correct, until Monday morning before the meeting, coming to York, I was looking at the average price put in the statement, it struck me that the average looked very high. . . . Upon arriving at York I went into Mr. Close's office, and asked of whom had been bought the largest number of these shares. He referred to the books of the company, and stated they were principally bought of me. I said: 'I must pay the £1 call due upon them immediately, and after the meeting you and I must go carefully into that account, and we must have the matter set right.'" Hudson's account of this conversation with Close was confirmed by Sir John Simpson, who overheard it; but its effect was nullified by the fact that Hudson none the less took upon himself to move the adoption of the company's report at the shareholders' meeting on Feburary 20, 1849, knowing of this inaccuracy in the accounts.

Such was the gist of the long-awaited Prance Report, whose publication blasted irretrievably the good name of the Railway King. "His whole life," trumpeted the *Yorkshireman*, in justifiable exultation, "has been one vast aggregate of avaricious and flagitious jobbing for the accumulation of wealth. . . . We are, and have been, right for years. Single-handed, and contrary to the tone and disposition of the whole Press of the Kingdom, we have endeavoured to drag Mr. Hudson to the bar of public inquiry and opinion, and there to leave him to the mercies of the duped shareholders." The revulsion of feeling against him in the railway world was violent and complete. Formerly he had been unreasonably adulated and courted: now his name became overnight a by-word and a mockery, among those who had been most abject in their hero-worship. An immediate clamour was

raised that Hudson should be prosecuted for violation of the 85th clause of the Companies' Clauses Consolidation Act, which laid it down categorically that "no person holding an office or place of trust or profit under the company, or interested in any compact with the company, shall be capable of being a Director." But, as Herapath had already warned his readers, "we doubt if Mr. Hudson would come under legal delinquency without getting himself and others in a very dangerous position."

Perhaps the most striking feature of the whole business was the meekness with which the Railway Monarch himself received the attacks made upon him. The day after the issue of the Prance Report, he published in the newspapers a comment on its findings, couched in very mild terms. "It is not my wish," he said, "to impugn the reasoning or question the conclusions of the Committee; but I must be allowed to state that this opinion of the position which I occupied in connection with the company, is now presented to my mind for the first time. . . . I have never thought myself restrained from entering into personal engagements, either with the company or with others, by reason of the position I stood in towards the company, any more than if I had been an ordinary proprietor. So far from considering myself in the light of a trustee, and thereby disqualified from acting in any other character, I may say with truth, that I have never hesitated to take upon myself any amount of personal responsibility the interests of the company might require; and I trust I may be forgiven for calling this to mind when I am charged with having, in the character of a trustee, made a profit of the company." He suggested that the whole offending transaction should be cancelled, but the Prance Committee insisted that he should take back the shares he had sold to the company, and also make good the monetary loss which it had incurred. Shortly afterwards, Hudson therefore paid over about £9,000 to the company.

All this, however, was but the first scene of the drama.

"Mr. Hudson shall not escape us," reiterated the remorseless *Yorkshireman.* "The thousands he has duped, and the breaking hearts from whence spring against him curses both loud and deep, shall have ample satisfaction for the injuries they have suffered and the torments they have endured." The miserable scapegoat was now to be dragged before the tribunal of the Eastern Counties Railway. The Cash Committee had lost no time in setting about its investigations, and on the very day when the Prance Report came out, Hudson was uncomfortably giving evidence concerning the most indefensible of his undertakings. "Never since his accession to his iron throne," remarked an eyewitness of this meeting on April 14th, "was the Member for Sunderland treated with so little ceremony. 'George Hudson,' said Mr. Cash, the chairman of the Committee and a member of the Society of Friends, 'wilt thou take a seat? As thou hast the financial department of this company under thy especial control, thou art required to answer a few questions which the committee will put to thee. Didst thou ever, after the accountant had made up the yearly accounts, alter any of the figures?' Mr. Hudson, in a subdued tone, answered, after a moment's hesitation, 'Well, I may perhaps have added a thousand or two to the next account.' 'Didst thou ever add £10,000?' continued Mr. Cash. 'Ten thousand! that is a large sum.' 'It *is* a large sum, and that is the reason why I put the question to thee. Wilt thou give the committee an answer, yea or nay?' Mr. Hudson, in a very subdued tone, and evidently much embarrassed, replied: 'I cannot exactly say what may have been the largest sum I carried to the following account.' 'Perhaps, George Hudson, thou couldst inform the committee whether thou ever carried to the next account so large a sum as £40,000?' 'Oh, I should think not so large a sum as that!' 'But art thou quite sure thou never didst?' Here again the deposed monarch of the railway kingdom showed considerable embarrassment, on which his Quaker inquisitor did not further press the question; and, putting the interrogatories upon a sheet of paper into

his hand, observed, with a dry nonchalance which must have been very annoying to the former chairman of the company: 'George Hudson, take the questions home with thee, and send written answers to the committee at thy earliest convenience.' " The report of the Cash Committee was published before the end of April, and created a greater sensation, if possible, than that of the Prance Committee. It revealed the full story of how Hudson, his head turned by success in 1845, had taken over their almost bankrupt railway, and had, year after year, anticipating expectations which had never materialised, maintained his popularity with the shareholders by serving them up dividends paid out of their own capital. The system began in January 1846, before Hudson had been six months in the chair. The dividend declared in July 1845 had been 3s. a share; but "on December 22, 1845, it was resolved to pay a dividend of 9s. per share. The half-year's accounts extended up to January 10th, and, of course, therefore, at this time they could not have been made up; and it is not only in evidence that the whole thing was arranged without any reference whatever to the accounts, but also that when the accounts were made up they did not show that any such dividend had been earned; that the traffic accounts were consequently altered to suit the circumstances; that in every succeeding year the same system has been pursued; and that it now appears that out of £545,714 distributed in dividends from January 4, 1845, to July 4, 1848, £115,278 was procured by the alteration of traffic accounts, and £205,294 by improper charges to capital account, thus making a total of £320,572 which was not applicable to dividends at all. Consequently, out of £545,714 actually divided, only £225,142 was the amount that had been earned."

The board of directors met only once a month, but there were two standing committees, for finance and for traffic, which met weekly; these were managed by their respective chairmen, Hudson and Waddington. Under their manipulation, all the outward forms of control of the Eastern Counties

accounts were performed for four years, yet in secret there was no check at all upon their actions. "For four years," wrote the *Observer*, in horror, "thirteen millions of capital, the property of the company in question and its alliances, have been at the mercy of Messrs. Hudson and Waddington, with which they actually did as they chose, making and unmaking dividends, traffic, capital, and revenue, just as they pleased; disbursing sums of which they refuse to render any account, pocketing cheques for which there is no authority, and of which they will give no explanation; appropriating to themselves money belonging to the company; and even descending to the petty meanness of making the company pay their hotel expenses."

It was an unfortunate idiosyncracy of Hudson's that, in the words of the *Railway Times*, "he cannot remember with precision any of those expressions or acts which have impressed themselves upon the memories of others." This made his defence against the accusations of the Cash Committee decidedly unconvincing. "I was not aware," he said, "that the expenses chargeable to revenue had been charged to capital. I thought the charges against revenue were heavier than they ought to have been, and as I could not contract the expenses, I left the board. I was not aware that such discrepancies existed in the accounts. I was not aware that the printed accounts differed from the books. . . . I might be aware that there was a slight discrepancy between the printed reports and the revenue expenditure. I am of opinion that there were balances left over, but not to any extent—to the extent of £1,000 or £2,000."

Certainly the other directors were to blame for their "long, deliberate, and sycophantic breach of duty." A shareholder in a letter to the Press subsequently described how "whenever the other directors expostulated with Mr. Hudson upon the subject of his forcing them to declare larger dividends than the actual revenue of the company justified, he always met them with the observation: 'Wait awhile, my good friends;

when the Syston and Peterborough line is opened, you will have a rush of traffic that will support everything we have done.'" Once, indeed, in July 1847, they had lost patience so far as to pass, against his wishes, a resolution appointing a committee to examine the accounts. But as Hudson left the room at the close of the meeting, he had coolly observed: "Well, gentlemen, I am chairman of this committee, and of course you will not meet until I summon you." That summons had never been issued.

Finally, the Cash Committee reported that Hudson and Waddington had each apparently received a sum of £2,000 for purchasing certain scrip of which no trace could be found; that Waddington had had another £2,000 for "services rendered," though no minute of the board could be found to authorise the payment; and that over £9,000 had been spent on "Secret Service" under the heading of "Parliamentary expenses," of which no details could be given.

These revelations concerning the Eastern Counties Company's accounts proved more devastating to Hudson's reputation than even the disclosures that had been made by the Prance Committee. Those who had been disposed to allow him the benefit of the doubt in the case of the Great North of England purchase account, or who had judged him guilty of no more than sharp practice, now lost what remained of their faith in his good intentions. This was no case of a casual lapse from virtue: Hudson, they now said, "has succeeded in vitiating a system—he has introduced and set in operation modes of action which fling their taint of suspicion upon every railway company. . . . What a melancholy picture of blind submission and impotent deference, on the one hand—what arrogant dogmatism, and what defiance of opinion, or incapacity of estimating its value, on the other, does the Report exhibit!" A few voices, however, were still raised to point out that in everything Hudson had done, he had obviously been aided and abetted by the shareholders themselves, who knew perfectly well that their accounts were being

"cooked," for the purpose of raising the value of their shares. "What shareholders said then" (in 1845), wrote the *Railway Chronicle*, "was intelligibly and manifestedly this: 'Hudson, do as you please, don't stick upon trifles! Benefit yourself, like a wise man, and we are content if you will; but let us share some of the benefit along with you. As to details and trifles, we will not stick upon them. We shall gain infinitely more by your attention to your own interests, or your neglect of the details of business.' . . . Such were the men who now ask the same Mr. Hudson to account for travelling expenses—£68 13s. 2d.!"

But the fact that the shareholders had been willing parties to their own deception made them not less, but more, vindictive against the agent of their ruin. At a special meeting on May 8th they decided to petition Parliament for an inquiry into the Cash Committee's revelation that £9,000 had been spent by Hudson and Waddington on secret Parliamentary expenses. It was suggested that the money had been used to bribe Members of Parliament to support railway Bills—an allegation too serious to be left without investigation.

But before this petition could be brought to the notice of the House of Commons, Hudson had sustained further disasters to his fortunes. He had lost the leadership of two more of his companies. For when on April 19th a huge gathering of a thousand shareholders of the Midland Company attended the extraordinary general meeting called at Derby in response to Wylie's requisition, the chair was taken by John Ellis, the deputy-chairman, who forthwith proceeded to read a long letter from Hudson resigning his office and explaining his reasons for so doing. "Forming parts of one great line of communication," he wrote, "the Midland, the York and North Midland, and the York, Newcastle, and Berwick Railway Companies have hitherto had one common interest to promote, and in watching over the development of them it has always been to me a pleasing reflection that I was contributing to the prosperity of each of the other

companies. It was this which enabled me to discharge the duties of chairman, confided to me by the shareholders of these different lines; and it is because I am apprehensive that circumstances have now arisen which must render it impracticable for any one person to preside over all these companies that I felt it requisite to make the present communication. It must be obvious to everyone that the Great Northern Railway, when opened, must of necessity materially affect the existing lines of railway in the district through which it passes. To the formation of that railway I gave my most uncompromising opposition. I believed its formation to be unnecessary, and felt that the benefits to be derived from it were not sufficient to justify the immense capital requisite for its construction. It pleased the Legislature to view the question otherwise, and the consequence is that this line will very shortly be brought into active operation. The existence of that company cannot now be disregarded, and it may be that the interests of these different railways may not be found to be identical. Therefore it is that, after due deliberation, I have thought it right, and to be more satisfactory to the shareholders of the Midland Railway Company, to resign the office of their chairman. . . . I take my leave of you, gratefully acknowledging your past kindness and anxiously desirous for the continued prosperity of the undertaking with which I have been identified."

This dignified letter was received with an outburst of hissing from the audience; and Ellis, in announcing the acceptance of the resignation, declared that he interpreted it as resignation, not merely from the chairmanship, but from the board of directors as well. Subsequently the meeting, upon Wylie's motion, set up a Committee of Investigation to examine the management and affairs of the company during the term of Hudson's office.

The time was now drawing near when the shareholders of the York, Newcastle, and Berwick Company must be called together to receive the Prance Report. At first there seemed

some likelihood of Hudson's showing fight against his enemies. His friends in Sunderland rallied loyally to the support of the man who had done so much for their town; and the Mayor, eight magistrates, and 800 electors presented an address at Newby Park on May Day "deprecating the unjust attacks and unmeasured abuse which have been so unsparingly cast upon your reputation," and testifying unabated confidence in his integrity. In his reply, Hudson in his old grandiloquent style declared: "A sense of conscientious rectitude sustains me, and when the excitement has passed away, I fear not the calm judgment and the indulgent consideration of an intelligent and right-judging British community."

It was obviously impossible to disregard the Prance Report altogether; but Hudson's fellow-directors on the York, Newcastle, and Berwick board resolved to forestall their enemies, by agreeing in advance to the nomination of a Committee of Investigation, but inviting proxies from shareholders unable to be present, which would enable them to appoint on to this committee persons friendly to their chairman. But these manœuvres were foiled by the untiring efforts of the *Yorkshireman*, and by the rising tide of feeling among the shareholders themselves. Before the meeting a strong deputation approached Hudson and demanded his retirement from the board, at the same time intimating that they held sufficient proxies to make his position at the meeting untenable, unless he consented. And thus, when the meeting took place in the Festival Concert Hall, on May 4th, Hudson was seen to be absent, and his place in the chair to be filled by Robert Davies, the deputy-chairman. Hudson's letter of resignation on this occasion was brief and colourless. Afterwards, the Report of the Prance Committee was adopted, and a resolution was passed asking the directors other than Hudson to remain in office until the shareholders could reconstruct the board. A fresh Committee of Inquiry was then set up which included merchants from Glasgow and Newcastle, bank managers from Edinburgh and Darlington, and James Meek

the Lord Mayor of York—Hudson's former colleague in the early days of the York and North Midland Railway. Not one of the six members was in any way friendly to Hudson: and Meek had for some years been a shareholder in the Great Northern Railway. Finally, towards the close of the meeting there came forward Hudson's old enemy, George Leeman, who, in quiet triumph, assumed the rôle of legal adviser to the shareholders concerning the contracts for leases in which their late chairman had involved them, and the Bill which he had introduced into Parliament in their name to sanction the grant to the Sunderland Dock Company.

There was a tragic sequel to this meeting within a few days time. During the course of the discussion on the Prance Report, a shareholder from Liverpool had bitterly denounced the conduct of Hudson's co-directors on the York, Newcastle, and Berwick board, as well as the auditors, for their slackness in passing accounts without seeing vouchers. It was also remarked that the Great North of England shares which Hudson had bought to resell to the York, Newcastle, and Berwick Company had been transferred in the name of James Richardson and Richard Nicholson as well as his own. Now Hudson's brother-in-law was not made of as stern stuff as the other members of the Yorkist fraternity. His amiable and artistic[1] disposition was fretted with the reproach that he had lent himself as a tool in these sordid transactions, and he knew that the Prance Report was but the prelude to revelations of an even more lurid order. And so, from the day of the meeting on May 5th, he was observed to carry himself as a stricken man. On the night of May 8th he left his house at Clifton, walked out along the bank of the Ouse to Marygate, and was never seen alive again. His body was recovered next day from the river, and the subsequent inquest left no doubt that the unfortunate man, distracted by his troubles, had made away with himself. The arrival of the news at Newby Park gave a grievous blow to the Hudson

[1] He was a connoisseur and collector of pictures.

family. Richard Nicholson had been a partner in the old shop in College Street; he had done George many a service, and had shared in all his triumphs. Mrs. Hudson, in particular, was altogether unnerved by the loss of her brother. Hitherto it had been Hudson's policy to execute an orderly retreat before the superior forces of his foes: now, with his wife distractedly urging him to pacify his critics at all cost, his retreat degenerated into a mere rout.

Within a few days of the tragedy, he had to drag himself from his seclusion at Newby Park to face his detractors in the House of Commons. For the petition of the Eastern Counties shareholders had been presented, and the charge that he had bribed his fellow-members of Parliament was too serious to be left alone. So on the evening of May 17th, Hudson rose in his place to attempt an answer; and for some moments he appeared to be so deeply affected by his position that he was unable to start his speech. There he stood, with his large head scantily covered with grey hair, his broad mounting forehead, and his penetrating grey eyes—his expression harsh and rugged as ever, yet softened, not this time by the usual flashes of benevolence, but rather by a pathetic and almost childlike consciousness of inability to explain the secrets of his own conduct. There had always been something of a great over-grown schoolboy about Hudson—a schoolboy who had played the unaccountable mountebank before his fellows. Now the tricks had lost their fun; it was like explaining a practical joke to a humourless schoolmaster. "If I had been guilty of the practices which are imputed to me designedly, without sufficient reason, I might feel that I had committed an error; but it was not an intentional error on my part." So he began in halting tones. And then, more challenging: "Let any gentleman search the register, and they will find the registered stock when I first joined the company: that I have suffered to a large extent; that I still hold the stock which I held when I first joined the company." And then, protesting: "I never signed a cheque

on the company in my life. I held joint responsibility with the others. I merely presided over them. I endeavoured to do my duty. I may have taken too sanguine a view of the undertaking, but I am a sufferer along with the rest in that sanguine view." And finally, appealing: "I think, if the House will determine what is capital, and what is income—what ought to go to capital, and what ought to go to revenue—the directors would have no difficulty; they would be guided by the strict law of the House."

But it was all useless. His friends in the House might make a brave show of punctuating his remarks with their "Hear, hear"—but the majority heard him in silence, the stony silence of condemnation. They were in no mood to listen to excuses mumbled forth by the broken gambler whom they had once trusted so implicitly. Nor were Hudson's powers of oratory equal to expounding the only line of defence that would really have carried weight. That defence had already been made for him, by *The Times*—which had so often and so ruthlessly warned the public against him, but now, in his dark hour, sought to do him justice. "Neither the other officials, nor the shareholders," it wrote, "must hope to escape censure under the cover of a personal onslaught upon Mr. Hudson. The system is to blame. It was a system without rule, without order, without even a definite morality. Mr. Hudson, having a faculty for amalgamation, and being also successful, found himself in the enjoyment of a great railway despotism, in which he had to do everything out of his own head, and among lesser problems to discover the ethics of railway speculation and management. Now we do not hesitate to say that it is a severe trial to anybody to be placed in a novel situation of great power and varied opportunities. . . . Now Mr. Hudson's position was not only new to himself, but absolutely a new thing in the world altogether. His subjects exalted him to the position of those early kings who knew no difference between their own purses and the public exchequer, between their private secretaries and the Lord

Chancellor, between the aggrandisement of their family and the good of the people, or between prerogative and law. Hudson was the William the Conqueror of Railways, and his system of government and equity was rather intuitive than legal. His colleagues knew this. The shareholders knew it. They would have tolerated it to this day, without the smallest objection, but for the unlucky circumstance that Hudson had outlived their success. Their shares have sunk to their previous value, and many are ruined in consequence; so they now begin to discover that things were not quite as they should have been. We think the King and his subjects are much of a piece. If they deserve indulgence for their losses, he also may be excused for his difficulties. Mr. Hudson found himself everything at once—a large shareholder, a comprehensive projector, a chairman, a trustee for shareholders, an agent for particular transactions—a broker, a contractor, a banker, a confidential friend of landowners, and a good deal more besides. Had he discharged all these functions with perfect fairness, he would have been little less than an angel, and that he certainly was not."

It is clear that the most reputable journals throughout the country fully endorsed the view that Hudson's fellow-directors, if not his shareholders, were as much to blame as he himself; and the *Yorkshireman*, at any rate, made strenuous efforts to see that those directors did not escape. But the ramifications of railway finance ran deep, and powerful interests were at stake—interests that were never fully exposed then, and are probably impenetrably hidden from us to-day. The dethronement of Hudson had, down to the middle of May, proceeded exactly according to his enemies' plan. But then a point had been reached at which it was necessary to decide whether Hudson only, or the whole system of railway corruption, was to be the target of attack; and dark and tortuous manœuvres had to be undertaken, having as their object the isolating of Hudson from his former coadjutors, in order to make him the sole or chief scapegoat for the sins of the whole com-

munity, whilst they were to be allowed to slink away unnoticed into safe obscurity.

The first example of this occurred in the Eastern Counties investigations. These had now been carried far enough to ruin Hudson, but all became dark and confused as soon as it was attempted to go beyond his most obvious delinquencies. When the shareholders' petition was received, the House of Commons appointed a committee to investigate the suspicions of political bribery attaching to the activities of the notorious Sise Lane Committee which, in 1845 and 1846, had intrigued against the nascent London and York Company. But what was the surprise of this committee to discover that one of the most prominent members of the Sise Lane Committee had been that respected Quaker, William Cash, who had so castigated Hudson from the chair of the Eastern Counties Committee of Investigation! And since Cash's memory failed on the subject of the Sise Lane Committee's activities, exactly as Hudson's had on the subject of the accounts, the mystery remained unsolved. No wonder that John Roebuck, the new member for Sheffield, wrote to his wife, "the scene is a most remarkable one—the rascality now brought to light is astounding." Equally unedifying were the squabbles which followed upon the deposition of Hudson from the leadership of his other railway companies. In the case of the York, Newcastle, and Berwick his fellow-directors, left at first like sheep without a shepherd by their chairman's resignation, soon found that the outcry was likely to be greater against Hudson than against themselves. Accordingly they quickly tried to come to an understanding with George Leeman and his Committee of Investigation—an understanding whereby the control of the company was gradually to be transferred into their hands, whilst they (the old directors) were to be allowed to retire unscathed from the scene, and the misdeeds of the past were all to be heaped upon the head of their former monarch. This was not at all to the liking of the sturdy *Yorkshireman*, which soon found itself being boycotted and

losing advertisements, because of its tactless insistence on extending the field of inquiry beyond the personal responsibilities of Hudson.

Much the same course of events developed in connection with the York and North Midland. The shareholders in that company had been slowest to shake off the Railway King's yoke; and it was not until after revolution had broken out throughout the rest of his dominions that they began to stir. The lead was taken by William Crawshay, a big contractor who had many dealings with Hudson, including the building of the High Level Bridge. To oblige his patron, Crawshay took off his hands most of his holdings in York and North Midland stock; and then agreed to come forward and forestall the critics by himself proposing a Committee of Investigation which was to be packed with Hudson's friends. In accordance with this understanding, on May 17th—the very day Hudson was defending himself in Parliament—the London shareholders in the York and North Midland held a meeting of their own, at which Crawshay produced and read a brief letter from Hudson resigning his chairmanship, on the ground that "the position in which I have felt myself placed has been so painful as to incapacitate me from the discharge of those active duties which you have a right to expect from anyone entrusted with the conduct of your affairs."

After Hudson's resignation had been accepted, several new directors were elected to the board, including Crawshay himself, Lord Mayor Meek, Joseph Rowntree, and an old enemy of Hudson, H. S. Thompson of Moat Hall. Then the expected Committee of Investigation was set up, and directed particularly to look into the purchase account of the Hull and Selby Railway. As in the case of the York, Newcastle, and Berwick, the membership of the Committee included representatives of banks, especially in Scotland, which had previously advanced money to the company and wished to safeguard their interests as far as possible.

There were now three Committees of Investigation at

work, one on behalf of the Midland, a second on behalf of the York and North Midland, and a third on behalf of the York, Newcastle, and Berwick. All through the remainder of the summer these committees went on producing reports at intervals of about three weeks or a month. Since each report revealed more and more lurid details of Hudson's delinquencies, the feeling against him became worked up into a storm of obloquy, before which even his own organ, the *Yorkshire Gazette*, was forced to bow in complete silence. Meanwhile, the whole Hudson family kept itself in complete seclusion at Newby Park, except for the occasions when the dethroned King was summoned to give evidence before the committees.

In one case only, that of the Midland, was the Committee of Investigation able to pronounce a rather grudging acquittal of Hudson. Whether this acquittal was genuine, or whether it was due to the impossibility of isolating Hudson's actions from those of his fellow-directors (for on the Midland his rule had been less autocratic than elsewhere), we shall never know. Certainly the Report, when it came out at the end of August, was considered vague and unsatisfying by many of the shareholders. The *Railway Times*, too, declared that the figures published showed that out of £1,705,855 divided in dividends during the past 4½ years, £811,158, or nearly half, had not been earned. But Herapath, at any rate, professed to be satisfied. The Report, he concluded, though "leaving certain matters half explained," proved that "the Midland board, though not quite angels, have steered clear of gross improprieties, which in the days of 1845 and 1846 was no little merit."

The charges against Hudson made in the York, Newcastle, and Berwick Reports were of very different magnitude. There was first the affair of the Sunderland Dock Company. In January 1846, Hudson had persuaded the York, Newcastle, and Berwick shareholders to agree to subscribe for 3,000 £25 shares in this concern—an obligation which the Com-

mittee of Investigation was prepared to recognise as binding, though no steps had been subsequently taken to legalise it by Act of Parliament. But a year later, in February 1847, Hudson, at a meeting of the Sunderland Dock Company, in an expansive mood allowed his tongue to run away with him, and backed up a boastful remark about the growing prosperity of the town, by a sudden offer to buy up at par any number of Sunderland Dock shares that might be offered to him. Since the dock shares were then at a discount, in a few days' time he found that 2,345 had been unloaded upon his hands by citizens of Sunderland who found in his generous offer a heaven-sent opportunity of escaping capital losses. But Hudson, instead of paying for these shares himself, had them transferred instead to his own name and the names of Robert Davies and Richard Nicholson, but charged the whole cost to the York, Newcastle, and Berwick Company, without even troubling to obtain a minute of the board of directors authorising the transaction in any way. Naturally, the Committee of Investigation recommended that the company should repudiate these shares and make Hudson repay the money spent on them.

Next came the capital account of the former Newcastle and Berwick Company. The shares in this company were originally offered to the shareholders of the Newcastle and Darlington Junction Company, *pro rata*, according to each man's holding in the latter. Now, owing to the opposition of Lord Howick to this railway during the winter of 1844–5, it was found necessary to increase the capital from 28,000 to 42,000 £25 shares. Hudson, Davies, and James Richardson duly executed on behalf of the company the subscription-contract for these additional shares; but this was a formality only, and no *bona fide* payment of deposits was made by any of the parties concerned. Nevertheless, the undertaking of this liability was assumed by Hudson to confer upon himself and his fellow-directors the right to take up on their own personal behalf as many of the Newcastle and Berwick shares

as they pleased. The extraordinary step was taken of issuing, without any authorisation, 14,000 extra shares, of which Hudson appropriated to himself as many as 10,894, selling them later at a premium which it was calculated must have brought him in £145,704 profit. To secure this inflation of the company's share capital, the share register was not made up in August, 1845, as it should have been: "in the interval between that meeting and the following half-yearly meeting in February 1846, parties had been placed upon the register as shareholders who had no title to shares by reason of holding any shares in the Newcastle and Darlington or Newcastle and Berwick Companies. These additions were made to an extent and involving a profit, which your committee hope and believe to be without a parallel in the history of public companies; and according to the evidence, it was done entirely by the chairman and secretary, unknown to the other directors, as stated by them, and certainly without any minute, or an entry of any description, in the minute books of the company."

What could Hudson reply to this terrible charge? That he *had* some sort of defence can be gathered from his written statement. "The question proceeds upon the supposition that my interest in the Newcastle and Berwick is to be measured by the number of shares I held in the Newcastle and Darlington Railway, and that my position was that of a mere ordinary shareholder. It is impossible for me to recognise such a principle. I must request the committee not merely to regard my interest in the Newcastle and Darlington Railway, but to bear in mind the number of shares in respect of which I executed the subscription contract of the Newcastle and Berwick. It will then be perceived that I have not received the number of shares which I might have received, even charging me with the whole quantity contained in this question. Such a course would be highly unjust. Many of those shares were parted with without any personal advantage, and solely with the view of promoting the interest of the company." This argument that he was really "above the Law" naturally

did not appeal to the Committee of Investigation, which demanded that Hudson should refund all the profits he had made, with interest to date. He was also accused at the same time of appropriating some 950 York and Newcastle Extension £25 shares, and 2,000 Brandling Junction Purchase shares, to which he was not entitled.

The Committee next proceeded to unearth the contract for the purchase of iron from Messrs. Thompson and Forman, which the Newcastle and Berwick Company had made early in its career in 1845. Hudson, it will be remembered, had previously bought iron on his own account when it was still cheap in 1844, and through Messrs. Thompson and Forman he later resold it to the company at a profit to himself of about £40,000. It was argued that since he was its chairman, he stood in the relation of trustee to the Newcastle and Berwick Company; but, as he pertinently remarked in his own defence, "I could not be a trustee for a company that did not exist."

If we regard Hudson as cleared on this count in the indictment against him, it is just possible also to take a lenient view of his next failing. The first half-yearly account of the Newcastle and Berwick Company showed an item of £37,350 paid for purchase of land. But actually, so the Committee of Investigation found, most of this money, to the amount of £31,000, had been kept by Hudson himself. Cheques in Hudson's favour had been drawn and signed by various directors to pay the landowners concerned—£10,000 for the Duke of Northumberland, £4,000 for the Earl of Tankerville, £5,000 for Earl Grey, £2,000 for Lady Mary Stanley, £7,000 for the Earl of Carlisle, and £3,000 for Sir M. W. Ridley; but these cheques had been simply taken by Hudson and paid into his private account at the York Union Bank, where they remained until the appointment of the Committee, when the money was suddenly refunded with three years' accumulated interest. The auditors of the company had remained satisfied all this time with seeing the cashed cheques produced

among the accounts, without calling for receipts from the landowners whom they ought to have reached.

A similar practice had been followed by Hudson in regard to the principal contractors who built his railways. He had drawn at one time or another over £40,000 out of the construction account of the Newcastle and Berwick Company, for the avowed purpose of paying Messrs. Hattersley and Nowell, Rush and Lawton, and other contractors; but these sums never went further than Hudson's own banking account.

Hudson's excuse for this kind of behaviour was the immensity of his transactions and the complexity of his negotiations. "With reference to all these sums," he said, "I would observe there have been periods at which I have been much more in advance for the company than I ever had funds for them in my possession. For instance, I was for a long period in advance to them upwards of £100,000 on account of the Brandling Junction Railway, and it is hardly fair to take instances on the one side only, as done by this question. . . . The number of matters I have had to attend to, for the different companies with which I have been connected, almost unavoidably led to confusion, which under other circumstances would not have occurred. It has frequently happened, in the course of my dealings with the railway, that I have been obliged, in order to obtain possession, to make myself personally responsible for payment to different landholders, and I had indeed to issue a circular to that effect, to enable the company to proceed at all. It was to a very great extent the practice for me to settle with all large landowners, and I have no doubt I saved the company £5,000 or £6,000 in the Duke of Northumberland's case alone." In similar fashion, Hudson held back the contractors' cheques in order to ensure that they did their work properly. To keep them fully in his power he arranged that they should receive temporary advances from the York Union Bank, whilst he retained the sums due for payment until the contracts had been completely executed. The accounts of the York, Newcastle, and Berwick also appear

to have been manipulated, in the same way as the Eastern Counties' accounts. The falsifications totalled £121,925 between 1844 and the end of 1848, contrived by the usual expedients of overstating traffic ("in order to make things pleasant," as Close put it in a letter of instructions to Allport, the traffic manager), charging working expenses to revenue, and entering fictitious debts in the company's books.

Such, then, were the main defalcations alleged against Hudson by the York, Newcastle, and Berwick Committee of Investigation. In the case of the York and North Midland Railway an equally lamentable tale had to be unfolded. The first report, issued early in July 1849, began ominously: "The Committee have clearly found the affairs of the company plunged into such confusion as to engender a doubt whether they will ever be able to trace, in all its details, the wholesale system of jobbing and peculation which have so signally marked the railway career of Mr. Hudson." Then an almost incredible state of affairs was exposed. "Up to 1845 or thereabouts, there appears to have virtually existed a body of directors —that is, each member had some voice in the administration of the company's affairs; but about that time . . . Mr. Hudson made extraordinary exertions in your behalf, and as he did so, the other directors relaxed in their duties, until, in the course of a little time, Mr. Hudson became almost sole and absolute manager of your railway, the rest retaining little beyond the bare name of directors." Whatever little order there may have been in the accounts up to this time, now disappeared. For several years prior to 1845, George Baker, the secretary, had practically ceased attending to his duties on account of old age (he was over 70), and "the account books of the company were entrusted to a person utterly incompetent for the task, unless under the guidance and supervision of a superior." Consequently, just on the eve of the Railway Mania, the books, when taken over by the new secretary Gray, were "a mass of confusion." And from this confusion they never recovered. The rush of extra business,

involving the creation of new shares, issue of scrip and circulars relating to Parliamentary Bills, was utterly beyond the capacity of "a staff but just sufficient for the ordinary routine of general business." By the time the arrears of book-keeping could be made up, the accounts had become so jumbled that "it was considered the better course to open a new set of books altogether, which were commenced in July 1846, from the published balances of the preceding half-year, leaving an interval of about eighteen months, during which the bankers' passbooks are almost the only authentic evidence of the transactions." Even so, it was not till June 14, 1849, that the board of directors had passed a resolution "that a cashbook be kept by the company from this day." Accordingly, under Hudson's dictatorial rule, "his own mind may be said to have been for the last few years the chief depository of very many of the company's affairs. . . . Mr. Hudson lost his better judgment and moral rectitude when left with the entire control of your line," unchecked by the slightest display of independence or moral courage on the part of any of his fellow-directors.

At the meeting on May 24, 1849, Crawshay had assured the shareholders, on Hudson's word, that the published accounts for the past half-year were correct. But the Committee of Investigation discovered that this was quite untrue. The company was found to have an overdraft of £101,000 at the York Union Bank, nearly all of which was due to improper entries in the books, representing "the accumulation of various irregularities from 1845 to this time." No account of stores had ever been kept, tradesmen's bills were left unpaid, and Peter Clarke had, even since January 1849, continued to manipulate the traffic accounts under his chairman's private orders.

The irregularities which the Prance Committee had discovered in the Great North of England Purchase Account, were repeated on a smaller scale in the case of the purchase of the Hull and Selby Railway. Hudson had bought £35,647

worth of Hull and Selby shares on behalf of the York and North Midland Railway, but had charged the company £38,843 for them. The Committee of Investigation recommended that he should be forced to take back these shares and repay the company their cost with accumulated interest.

The next trouble concerned shares of the North British Railway. When this company was founded in 1844, it had been resolved that the York and North Midland should subscribe for 2,000 of its £25 shares. Hudson was given sole charge of this account, the shares were purchased, and calls upon them were paid out of the company's funds. But though premiums amounting to £35,635 on the sale of these shares were at various times credited to the company's accounts, of the actual price realised for the sale of the shares no more than £9,943 was paid into the company's bank. Hudson had apparently pocketed over £60,000, which he had only repaid in March 1849, on the eve of the investigation.

Furthermore, there were other shares which it was alleged Hudson had appropriated without the company's authority —especially 1,750 Hull and Selby Preference Shares and some 4,000 odd East and West Riding Extension Shares (each £25). Hudson in reply claimed that these were due to him partly as compensation for his purchase of the Londesborough Estate, to protect the company's interests against competition in 1845, and partly as reward for his enterprise in launching the Whitby Building Company, whose operations would draw traffic on to the York and North Midland branch lines. However, he had already compensated himself in other ways for this piece of work. For, as the Committee pointed out, he had made over £18,000 profit from the sale of portions of the Londesborough Estate to the York and North Midland, for the construction of its two branches to Market Weighton. And his interest in Whitby was not purely philanthropic. His persuasion of the York and North Midland to buy up the Whitby and Pickering Railway, for instance, was not unconnected with the hopes he had entertained, before

Sunderland offered itself, of representing Whitby in Parliament. Another matter upon which the Committee expressed "in the strongest manner their reprehension of Mr. Hudson's conduct" concerned a contract for 3,000 tons of iron rails into which Hudson entered in 1845 with Messrs. Thompson and Forman. These rails, bought at £9 a ton, were intended by Hudson for the Leeds and Bradford Railway, but as the latter did not require them when the time came for delivery, he had them transferred to the York and North Midland, but at an enhanced price of £11 a ton. The extra cost went into Hudson's pocket, in settlement, he said, of a debt which the company already owed him for a previous 500 tons of rails which he had supplied.

Finally, the Committee of Investigation arraigned Hudson's management—his purchase in 1847 of numerous derelict canals, which never paid their way; his construction of the branch line to Market Weighton, which had proved a dead loss to the parent company; and his investment of £40,000 of their money in shares in the little Malton and Driffield Railway, without Parliamentary sanction.

Arranged statistically below,* in brief, is a catalogue of

| | £ |
|---|---|
| * Great North of England Purchase Account .. .. | 11,292 |
| East and West Riding Shares .. .. .. .. | 96,000 |
| Money belonging to Landowners .. .. .. | 26,000 |
| Money withheld from Contractors .. .. .. | 42,480 |
| North British Shares .. .. .. .. .. | 62,268 |
| Iron Rails Contract .. .. .. .. .. | 66,204 |
| Interest on Two Bonds, Bank of England .. .. | 1,747 |
| Sunderland Dock Shares .. .. .. .. | 41,000 |
| Newcastle and Berwick Shares .. .. .. | 149,704 |
| Brandling Junction Shares .. .. .. .. | 42,000 |
| Hull and Selby Purchase Account .. .. .. | 42,000 |
| Profit on selling part of Londesborough Estate to York and North Midland .. .. .. .. | 18,090 |
| Total .. .. .. .. .. | £598,785 |

the crimes with which the dethroned Railway King was charged.

The most appropriate comment is the epigram coined by the famous wit, Bernal Osborne: "How was Midas ruined? By keeping everything but his accounts."

CHAPTER XIII

# EXILE

## (1849–1871)

"There was a time when not to know him (Hudson) was to argue one's self unknown; now he is only a tradition."

*The Times*, December 16, 1871

"THE exposure that has just been made of Hudson's railway delinquency," wrote Greville in his journal, "has excited a great sensation, and no small satisfaction. In the City all seem glad of his fall, and most people rejoice at the degradation of a purse-proud, vulgar upstart, who had nothing to recommend him but his ill-gotten wealth. But the people who ought to feel most degraded are those who were foolish or mean enough to subscribe to the 'Hudson Testimonial,' and all the greedy, needy, fine people, who paid abject court to him in order to obtain slices of his good things." Greville expressed the opinion of Court and Society; but that of the middle classes was somewhat more charitable. Thus we find Carlyle, in his journal for May 17, 1849, making a rather pitying reference to "King Hudson flung utterly prostrate, detected 'cooking accounts'; everyone kicking him through the mire. To me and to quiet onlookers he has not changed at all. He is merely detected to be what we always understood he was. The rage of fellow-gamblers, now when he has merely lost the game for them, and ceased to swindle with impunity, seems to us a very baseless thing. One sordid, hungry *canaille* are they all. Why should this, the chief terrier among them, be set upon by all the dog fraternity? One feels a real human pity for the ugly Hudson. T. Spedding the other night was describing to us the late figure of H.'s private life, as S. himself and others had observed it. Overwhelmed with business, yet superadding to it ostentations and high-

flown amusements, balls at great country houses fifty miles off, etc., etc. With early morning he was gone from Newby Park, and his guests off by express trains over all the island; returned weary on the edge of dinner, then first met his guests, drank largely of champagne, with other wines; 'ate nothing at all, hardly an ounce of solid food'; then tumbled into bed, worn out with business and madness. That was the late daily history of the man. Oh, Mammon! art thou not a hard god? It is now doubtful whether poor Hudson will even have any money left. Perhaps that would be a real benefit to him. His brother-in-law has drowned himself at York. What a world this ever is! full of Nemesis, ruled by the Supernal, rebelled in by the Infernal, with prophetic tragedies as of old."

Physically, Hudson must have enjoyed the constitution and nervous system of a Hercules. He was passing through an ordeal which was enough to drive a man to flee the country or even to kill himself. Yet his attitude was one not of shame or self-reproach, but rather of genuine bewilderment as at some explosion of public wrath which he had provoked almost by accident. Hudson persisted in reiterating excuses for his actions—excuses which sounded utterly unconvincing, but which in fact came very near the truth. And though those excuses were scouted, he did not lose heart. He comforted himself with the thought that if there were any railway men better than he was, there were also many much worse; while, "if he were called on to tell who had profited by him, names would appear of which the world little dreams."

But in the meantime his star sank lower and lower as the autumn drew on. He had already, under pressure from Mrs. Hudson, consented to repay various sums which the angry shareholders of his former companies were claiming from him. Londesborough Park was hastily sold to Lord A. Denison; and even Newby Park was divided into ten lots and offered for building purposes, but found no buyers. In York, where he no longer showed himself, his unpopularity was boundless. After the municipal elections in November,

even the Tories on the York Council, stung by the reproaches of the Radicals, took the initiative in erasing Hudson's name from the Aldermanic roll, on the ground of his prolonged absence. Further still—a resolution to remove his portrait from the Mansion House, proposed by his former friend, Dr. Matterson, was rejected by a mere two votes, one of which was due to the generous abstention of George Leeman. Soon afterwards Hudson Street, the new approach to York Railway Station from Micklegate, was relabelled Railway Street—so that as far as possible every outward and visible appearance of Hudson's name vanished from York's public life.

His former co-directors, after a series of sordid squabbles, had been evicted almost to a man from their positions; while George Leeman had succeeded to the chairmanship of the York, Newcastle, and Berwick Company, with instructions to bring suits in equity against Hudson for the recovery of the Brandling and the York Extension shares which he was alleged to have misappropriated. Long and tedious litigation appeared to be likely, but was averted by Hudson's offer to compound for the money owing to the company, at a figure to be decided by arbitration. Then Leeman, anxious to start his railway career under calm auspices (and also aware that Hudson's overdraft at the York Union Bank at that time amounted to nearly a quarter of a million pounds) induced his shareholders to accept these terms: and so early in January 1850, it was announced that Hudson had consented to pay, in instalments, a sum of over £100,000 in quittance of all claims made upon him by the company. In one sense, this was a wise course for him to pursue, for it limited his liabilities; but in another, it was foolish, inasmuch as it seemed to involve some admission of guilty practices. To counteract this impression, Hudson published in the papers at the end of January a long manifesto addressed to the York, Newcastle, and Berwick shareholders, in which he repeated his former defence against the accusations in respect of the

Sunderland Dock shares, the Newcastle and Berwick shares, the Brandling shares, the overstatement of traffic returns, and the wrongful charging of current expenditure to capital account. "I am aware," he wrote, "that transactions have occurred which are to be regretted, but in respect to which it is some consolation to me to reflect that the company have in no instance sustained pecuniary loss. Allow me to ask you to review those transactions with some remembrance of the excited period in which they occurred, of the multiplicity of concerns which I had to superintend and direct, of the brief opportunities I had for reflection, and of the impossibility of my giving sufficient attention to the public duties and private matters which then claimed my attention." Hudson added that though he was convinced that the company had no legal claims upon him, and was therefore opposed to any compromise in the suits that had been brought against him, he had been warned that the questions which had been raised might involve him in years of litigation and enormous expense; and to avoid this—and for this reason only—he had consented to offer the company a composition.

Now, as Herapath commented on all this, "reasoning with an angry man is throwing words away; and so it is with an angry public. . . . Mr. Hudson has indeed been most unfortunate in his choice of times. Prudence would have told him to remain quiet, for a child might have seen that the time was not come for him to justify himself if he could." The truth was, that just at this moment a fresh storm of trouble was blowing up for the ex-Railway Monarch. In May 1849, when the scandals of his railway management were just beginning to be revealed, and the Press was jeering that "there is scarcely a man in the three kingdoms who would invest a five-pound note under his advice," Hudson resigned from the direction of the York Union Bank. And before very long after his resignation, it began to be noised abroad that here, as everywhere else, there had been fraudulent dealing.

The manager of the bank, B. T. Wilkinson, owed both his original appointment in 1833 and his subsequent election as City Treasurer of York, to Hudson's influence. When he first became manager of the bank he deposited certain sureties for his financial integrity, including bonds from his father, his brother, and a well-to-do friend. Two of these three sureties died in course of time, while his brother wished to withdraw from his bond. Hudson then offered to stand surety for Wilkinson in their place, but as this was ruled to be illegal so long as Hudson remained a director of the bank, he agreed—as chairman and autocrat of the board—that Wilkinson's mother-in-law, an old lady of eighty who held a number of shares in the bank, should stand surety for him instead. The old bonds were therefore quietly cancelled and the new one—obviously of doubtful value—substituted in 1846. The new bond was drawn up, on Hudson's instruction, by James Richardson, whose firm acted as solicitors to the bank. Apparently the only other member of the board privy to the matter was the managing director, Scawin, a highly respected gentleman, but over seventy years old and entirely under Hudson's thumb.

The real reason for all this manœuvring was that Wilkinson —with the connivance or even the encouragement of Hudson —was using the bank's money to speculate in railway shares on his own account. No doubt the bank was so useful to Hudson in his major financial operations that he thought it worth while to wink at its principal servant "making hay while the sun shone" during the Railway Mania. However, as we know, matters did not turn out as Hudson expected, and at the beginning of 1849 it was discovered that Wilkinson had overdrawn his private account at the bank by £20,000, which he was unable to pay back. He had drawn the money out by cheques which he had, in his managerial capacity, directed Glyn's bank in London to honour on behalf of the York Union Bank.

Naturally, Wilkinson was dismissed from his post when

these facts became known; and a few months later he was also deprived, on technical grounds, of his seat on the York City Council. Then Dr. Matterson, who was a shareholder in the bank, revealed the affair to the editor of the *Yorkshireman*, which came out with the whole story immediately after Hudson's published defence of his railway actions at the end of January 1850. The sensation created in York was prodigious; and most people agreed that the *Yorkshireman* had not gone too far in saying that Hudson "is not only corrupt himself, but corrupted everyone round him." "It would certainly appear," continued the article, "as if there existed a charter for mismanagement, artifice, and defalcations in every joint stock company over which Messrs. George Hudson and James Richardson have had control."

Hudson and his friends were exasperated beyond measure by this fresh blow at his reputation: and they believed that the moment had now come for a counterstroke. A week after the article had appeared, therefore, James Richardson filed a plea of libel against Wodson, the proprietor of the *Yorkshireman*, for publishing the offensive sentence just quoted, which he said was calculated to ruin him in his business as solicitor.

The trial of the action took place on July 17th in the *Nisi Prius* Court at York, under Justice Weightman. Just over a fortnight previously Carlyle had completed writing the most famous of his *Latter-Day Pamphlets*—that entitled "Hudson's Statue," in which he had loosed the shafts of his mockery at the mob of railway sycophants and reminded them of the adulation they had once lavished on the fallen Monarch. There was, however, one quarter in which this adulation, surviving the Monarch's deposition, took on the virtue of loyalty to a lost cause. Whatever York or London might think of Hudson, Sunderland still regarded him as much a hero as in 1845. Had he not stood up manfully for the shipping interest in Parliament—and still more, had he not conducted to successful completion that project which was nearest and



HUDSON OPENING THE SUNDERLAND DOCKS IN 1850

dearest to Sunderland's heart—the provision of a dock on the south bank of the Wear? For Sunderland Dock was opened at last on June 20th, amid scenes of rejoicing and pageantry that recalled the palmy days of Hudson's greatest triumphs. Fifty thousand spectators assembled to watch the great water procession set forth with bands playing, colours flying, and cannon firing, to perform the opening ceremony, headed by "the illustrious individual who originally set the whole in motion, and has supplied the impetus, as he now comes forward to share and take his appropriate place in celebrating the crowning triumph." At an immense banquet held afterwards on an adjoining staith, Hudson declared that "not even in London itself could they have produced a scene more magnificent than had been presented to-day"; whilst in reply J. J. Wright roused torrents of applause by eulogising "the extraordinary talents, the indomitable energies, the wonderful character, and the mighty achievements" of their benefactor. When he went on to remind his audience that the construction of Newcastle High Level Bridge and Sunderland Docks, "had diffused a profuse expenditure of money in this district, and throughout the north of England, furnishing sources of employment to the trading and labouring classes, which, while other nations of the earth had been torn to pieces by devastating revolutions, had made this kingdom the scene of national quietude, general contentment, and universal happiness"—then the enthusiasm burst all bounds. The cheers were repeated again and again, "the company uncovering and waving their hats in time to the exhilarating huzzas with which they greeted the toast, 'Health and Prosperity to Mr. Hudson.'" It was indeed a reception of which any man might have been proud, and it heartened Hudson to face boldly his enemies at York.

As the day of the libel action approached it became common knowledge that it was not so much the *Yorkshireman* that was on its trial, as George Hudson. Indeed, it was charged in the indictment that the newspaper, in addition to seriously

injuring Richardson's professional reputation, had "also sought to ruin the peace of mind of George Hudson"—a phrase with which his enemies not unnaturally made merry! In his defence the proprietor of the *Yorkshireman* filed a series of pleas in which the various doubtful transactions in which Hudson and Richardson had been jointly concerned were specified and held up to reprobation. These included the Iron Rails Contract, the withholding of landowners' and contractors' cheques, and the appropriation of East and West Riding Extension shares and Brandling Junction shares—the stock charges made against Hudson in the York, Newcastle, and Berwick Reports.

The trial lasted for ten hours, for two of which Hudson, subpœnaed by the defence, was in the witness-box. Here he was subjected to a gruelling cross-examination concerning the various unsavoury episodes of his career. The answers which Hudson returned to counsel were almost exactly word for word those which he had first given before the Committee of Investigation, and later reasserted in his open letter from Newby Park in January. This repetition of his excuses was not without its effect upon the public. An eminent lawyer, for instance, who was present in court during the hearing, was reported to have said that "Mr. Hudson has thrown off a great deal of dirt during the last two hours." And Herapath, too, was shaken in his conviction of Hudson's guilt. "In his evidence in the trial alluded to, we believe he has made a good step forward. We have ourselves seen and heard read half a dozen letters from as many men of good position in Society, present in York at the trial, to different individuals; all speaking of the great and favourable change made in their minds in Mr. Hudson's favour by his evidence."

The verdict of the jury was, of course, almost a foregone conclusion. They found that there had been no libel, but that there *had* been "artifice, mismanagement, and defalcation" in the companies over which Hudson and Richardson had had control: but they declared that there was no evidence of

James Richardson's personal corruption. Undoubtedly, this verdict rounded off the condemnation of Hudson in the public mind; on the other hand, Hudson's own evidence went some way to rehabilitate him with thoughtful people, particularly since the decision on the plea of corruption had been given in favour of Richardson. On the strength of this, apparently, Hudson foolishly jumped to the conclusion that the time was now ripe for him to stage his own recall into railway life. Accordingly, Albert Gate was redecorated, and a resumption of splendid banquets promised; while, during the autumn of 1850, inspired paragraphs began to appear in certain newspapers suggestion that Hudson was badly wanted back to manage his old railways, or even to help launch a new project. It was also hinted that, by successful speculation upon the Stock Exchange, he had succeeded in rebuilding his fortune, and was in a position to discharge all his liabilities.

But the response to these "feelers" was chilly. From *The Times* downwards, the more reputable organs of the Press showed their unwillingness to take Hudson into confidence again. And the revival of his prestige was soon quenched when it became known in November that the editor of the *Weekly Chronicle* had been dismissed from his post for refusing to publish a defence of Hudson, written by a Sunderland barrister named Digby Seymour, who offered first £50, and then £100, for the insertion of his article in its columns. Thus the clumsy publicity of Hudson and his Sunderland friends recoiled upon his head and brought him back into his former discredit.

Accordingly, throughout 1851—while public attention was focussed on the glories of the Great Exhibition—Hudson lay very low, and contented himself with occasional appearances in the House of Commons, where he would put some question or make some big speech to show that he still continued actively to represent the Sunderland shipping interests. For as time went on, it became more and more vitally important for him to preserve his seat in Parliament, and with

it immunity from arrest for debt. With the York, Newcastle, and Berwick Company, as we have seen, he had made a composition which had discharged his liabilities in that quarter. But very different was the case with the York and North Midland Company, where the memory of their chairman's former despotism caused animosity to rankle longest among the shareholders. Nor was Hudson any longer as pliant as he had been in the winter of 1849–50. Believing that his fortunes were again on the mend, he refused an offer made by the directors to let him compound for £50,000 in quittance of all the company's claim upon him. This refusal turned out a fatal error of judgment. For the York and North Midland directors now grimly appealed to law, and brought against him three suits in Chancery, which involved both parties to the dispute in prolonged and ruinous expense. The profits which Hudson had made by his Stock Exchange speculations were soon eaten up by the cost of this litigation, and he found himself once more financially embarrassed.

The general election of 1852, however, gave him a respite. The grand opening of their new dock in 1850 remained still green in his constituents' memory; and Hudson had taken care to keep this gratitude alive by negotiating an agreement with the York, Newcastle, and Berwick Company for the exclusive shipping of coals via Sunderland Dock. Accordingly his popularity was well maintained at the hustings, particularly as he had moved with the times with regard to Protection, and no longer demanded the reimposition of the Corn Laws; on the contrary, now that Free Trade had arrived, he was all for making it complete by relieving shipbuilders of the unfair import duty on foreign timber which still remained. But his strongest argument was sentiment. "You have supported me in many trials; you have comforted me when almost every comfort seemed to have forsaken me. . . . When all have forsaken me, Sunderland has remained firm to me (cheers). I say again, in the presence of some of my own family, who may succeed me ere long; if that family

were ever to be ungrateful to the town of Sunderland, I could almost rise up from my grave and curse them (hear). My right hand shall forget her cunning, before I shall forget the favours I have received at your hands (applause)." The electors of Sunderland responded to this on July 10th by replacing Hudson once more at the head of the poll.

The House of Commons, however, was no longer a very friendly place for a man whose constant appearances in the law courts served to keep alive old suspicions of his integrity. Hudson had never, even at the height of his glory, been remarkable for his oratory; but now he was in danger of being regarded chiefly as a butt for the wit and sarcasm of his fellow-members. His own maladroit or misunderstood interruptions in debate often provoked jeers or tickled the merriment of his audience. Thus, when Joseph Hume, in his pettifogging way, was querying the propriety of spending public money on the funeral of the Duke of Wellington in December 1852, Hudson must needs rebuke him with a singularly ill-chosen reference to "the delight the occasion (that is, the Duke's funeral) afforded to such a vast number of our countrymen who witnessed the scene." Whereupon Hume observed that he did not wish to press his motion, if Hudson would only keep his fellow-partisans in check. "The honourable gentleman talks about a check," burst out Hudson, with immense excitement and in a loud voice, "I'll give him a check for as much as he will!" "It would be impossible," wrote the *Yorkshireman*, "to exaggerate the amazement, or the shriek of laughter, with which this sally was received by the House."

A few days later Hudson fell a victim to the rapier wit of Bernal Osborne. It was about six o'clock on the evening of December 10th, when Osborne, in the course of a speech he was making on the Budget Resolutions, had his attention drawn to some inarticulate sounds emanating from Hudson and apparently expressive of doubts concerning the facts which he was uttering. Turning upon his interrupter Osborne

lightly remarked: "I must beg the Member for Sunderland not to interrupt me; at this *early* period of the evening he has no excuse for making a noise." This, of course, did not diminish the wrath of Hudson, who sprang to his feet and began to protest against the imputation cast upon him. Bernal Osborne, however, cut him short. "Sit down, pray!" he coolly continued, "I accept your apology. Say no more!" The rest of Hudson's protest was drowned in the roar of laughter that followed.

The following year saw the clouds lowering more threateningly than ever over the deposed Monarch's head. In January 1853 the Master of the Rolls delivered judgment in the first of the three Chancery suits brought against Hudson by the York and North Midland Company. This suit concerned the proceeds of 12,500 East and West Riding Extension shares appropriated by Hudson to his own use under cover of the shareholders' resolution passed at their meeting in January 1846 putting these shares "at the disposal" of the board of directors. The Master of the Rolls decided that this resolution did not release Hudson from his obligation, as a trustee, to apply these shares solely for the benefit of the company: he ordered the defendant to refund with interest whatever profit he had made from their sale. More damaging to Hudson than the actual judgment, however, was that part of the evidence which showed that he had charged the York and North Midland Railway for those parts of the Londesborough Estate which he had sold to it exactly ten times the price which he had paid for them. The Solicitor-General, too, was cruelly severe upon Hudson's character. "The delinquency and iniquity of the defendant," he said, "consisted not merely in taking the shares improperly, but in corrupting the people about him, and appointing his own tools in the company for his own particular purpose. He has lost, in fact, that which is the last thing anyone should lose—the sense of shame!"

Judgment in the second Chancery suit, which concerned the notorious contract with Messrs. Thompson and Forman

for the purchase and supply of iron rails, was delivered on July 20th. The Master of the Rolls once again decided against Hudson, whose resources were now altogether inadequate to repay the sums for which he was made liable, or the costs of the action. There remained nothing for it but to sell Newby Park; and it must have been a bitter pill for the unhappy Hudson to swallow when Viscount Downe, the purchaser, employed George Leeman's firm, on the eve of the latter's election as Lord Mayor of York, to negotiate the transfer of the property for £190,000.

At last Hudson saw that further resistance would be useless. During the winter of 1853, therefore, he entered into fresh negotiations with the York and North Midland directors, as a result of which it was announced, early in 1854, that the company would press its suits against him no further, upon his agreeing to compound for a total of £72,697 in settlement of all its claims. Since he had already paid up, at one time or another, £26,083, the balance which remained outstanding was £46,614. He was to give a temporary mortgage on Newby Park until March 24th, when the sale was to be completed and he was to pay over £21,000. Then the rest of the debt was to be secured in the form of a permanent mortgage on his Whitby property, to be paid off in three equal annual instalments bearing 4 per cent interest. This settlement with the York and North Midland Company was reached not a moment too soon for Hudson. For early in February 1854 a fresh storm broke about his head in consequence of public attention being called, during the course of the hearing of the third Chancery suit, to the fact that Hudson had stated that £6,300 had formerly been distributed by him in shares "to certain persons of influence connected with the landed interest and Parliament, for the purpose of securing their good offices in connection with the operations of the railway company." The outcry was raised once more that Hudson had confessed to bribing Members of Parliament. "Will the House of Commons," thundered *The Times*, "tolerate so base

a stigma upon them in their collective and individual capacity, placed on the solemn records of the highest court of justice in the land, and attested by the oath of a member of the House of Commons, professing himself to be the agent and distributor of the corruption, and refusing, from a sense of honour—a strange and unmeaning excrescence in this base traffic—to reveal the names of those noble lords and honourable gentlemen whose hands were contaminated by his bribes?"

When the member for Finsbury raised the question in the House on February 7th, Hudson was forced to come forward once more and to vindicate his conduct, lest silence should involve him in the risk of expulsion from Parliament and irretrievable ruin. Accordingly, summoning all his courage, he delivered on the evening of February 8th an apologia of unusual dignity and apparent ingenuousness, which served at any rate to clear him of immediate danger. "It is utterly impossible," he began, "during my long intercourse with this House and with Society, for any gentleman to charge me with having said, directly or indirectly, that I ever tampered with any Member of this House, directly or indirectly." It was true that the Court of Chancery had ordered him to "disgorge" £54,000 to the York and North Midland Company; but this represented money he had, to a large extent, never received. "Therefore, I say, my position has been one of misfortune; I have been morally right, but legally wrong. . . . I have known what it is to live in popularity, and to enjoy the smiles and confidence of the world. And I have had a bitter reverse to bear. I hope I bear it with the fortitude with which a man who is conscious of his innocence should bear it. . . . I am ready to unravel and unfold everything. . . . I have seen times, and had the opportunities given me when, if money had been my only object, I might have enriched myself to any amount. I have sat at boards when shares have been distributed and have been offered to me, and on public grounds I have declined them, and they have been taken by my colleagues." Hudson's vindication was listened to on this

occasion with respect, and no more was heard about bribing Members of Parliament. Moreover, the Crimean War had just begun, and there were other fresher and more lurid scandals that public men found waiting their investigation. Hudson was left in peace to try and straighten out his private affairs as best he could.

But the outlook for him grew more and more gloomy. Hardly had the unfortunate man reached a permanent settlement with his principal railway creditors before his finances were still further disordered as the result of another action brought against him and tried on February 18th in the Queen's Bench. Attempting to repair his fortunes by speculating in iron, he had entered into a contract to deliver 20,000 tons to a French count who had come over to London to buy on behalf of a French railway company. A rise in the price of iron prevented him from being able to execute the contract, and accordingly he was sued and ordered to pay the French count £4,000 damages.

This blow made it impossible for Hudson to meet his liabilities. By the autumn of 1854 he had fallen into arrears with his payments to the York and North Midland Company, and only his Parliamentary immunity protected him from his creditors. He was indeed safe while the House of Commons was actually in session; but during the recess he found himself obliged to resort to all kinds of shifts to keep himself at liberty. Albert Gate now passed for ever out of his occupation, and was let for a rent of over £1,000 a year to the French Ambassador. Then Hudson, whose last hopes of recovering his fortune were centred upon the promotion of railways or the sale of iron rails in foreign countries, made up his mind to go abroad. He left England on August 12, 1855, and proceeded to Spain, where he had projected the building of a new trunk line. But hardly had he reached San Sebastian, than a violent attack of his old disorder, complicated with gout, seized him, crippling his activities, and confining him to his bed for months on end. It was a terrible

winter for him, lying on his back friendless, in a strange country, unable to speak a word of Spanish, and hardly able to understand foreign ways. He felt, he said afterwards, as if he were in solitary confinement, so much did he long to hear the sound of a homely English voice.

At last, in July 1856, he felt strong enough to leave Spain and proceed to Germany, where he took a cure, and in due course recovered his health. Early in 1857, however, he was alarmed to hear, from his friends in Sunderland, that a general election was expected to take place soon, and that a meeting of shipowners in his constituency had favoured removing him from the representation and substituting one of their own number. Hudson at once addressed, from Paris, a manifesto to his constituents, in which he apologised for his long absence from his Parliamentary duties, which he attributed to his illness and to "unavoidable attention to a large undertaking with which I became connected in Spain." The issue of this address was quickly followed by his personal appearance in Sunderland on March 19th, thus belying the many rumours that were extant, to the effect that he did not intend to stand for Parliament again. To gain local popularity he made himself the champion of a scheme for establishing a Harbour of Refuge for shipping on the storm-ridden north-east coast, with the hope that Sunderland would be chosen for this purpose. Hudson's chief advantage was that he was regarded as a more or less independent politician—not too closely bound to any one party; this gained him a certain amount of Whig support, and split the Liberal vote. The Liberals did indeed run two candidates against Hudson on this occasion; but after a hard struggle he succeeded at the end of March in retaining one of the two seats, though he was only second on the poll. That Hudson thus succeeded, even by a small majority, was highly annoying to his creditors, who during the summer fulminated threats of bringing an election petition to unseat him on grounds of intimidation.

Victory in this election was almost the last gleam of sun-

shine that shone upon Hudson's declining public career. For now fortune, as though she felt she had done more than enough for her former favourite, turned her back upon him altogether. Hudson had promised his constituents that he would attend more regularly to his Parliamentary duties; and this promise he did his best to carry out. Whenever Parliament was not sitting, he retreated to Paris to avoid his creditors; but as soon as the Commons met again, he slipped across again to take his place. Meanwhile, Mrs. Hudson who had, through her marriage settlement, saved a little capital out of the wreck of the family fortunes, continued to live quietly in lodgings in Belgravia. Their four children were now grown up and three of them independent. George, after qualifying at the Bar and practising for some time on the North-East Circuit, had secured a safe appointment as Government inspector of factories. Anne, who had long left her fashionable school in Hampstead, had married a Polish nobleman, Count Suminski, and gone to live abroad. And John, the second eldest surviving son, had secured a commission in the 6th Carabineers, and was serving with his regiment in India, while the third son, William, was training to become a doctor. Now, in November 1857, poor Mrs. Hudson had passed through the unpleasant experience of being robbed by a servant of jewellery and clothes to the value of £200. And whilst she was still in a state of nervous prostration after this trouble, the terrible news reached home that John had been killed in action in India during the Mutiny. The blow to the Hudsons was severe: and unhappily it coincided with a further setback to their fortunes. Hudson's sole remaining industrial enterprise, the Sunderland Dock Company, in which he still held shares to the nominal value of about £60,000, was not doing so well as had been expected.

The dock had been costly to construct, and its earning capacity depended entirely upon the readiness of the North-Eastern Railway (an amalgamation in 1854 between the York,

Newcastle, and Berwick; York and North Midland; and other lines) to use it for the shipment of coals. But some of the great coalowners of the district—especially Lady Londonderry—were jealous of the monopolistic power of the railway company: accordingly they boycotted the Sunderland Docks, as being an appanage of the railway company. Worse still, a multiplication of docks was taking place on the north-east coast, at West Hartlepool, Seaham, and Middlesbrough, for instance. And the North-Eastern Railway Company itself was constructing a super-dock of its own at Jarrow. So it came about that after a year or two the earnings of Sunderland Docks failed to increase as had been expected, and the dividend of 7½ per cent could not be maintained.

Hudson presented a wretched figure indeed when on February 25, 1858, he hobbled into the board room on crutches, his limbs swathed in bandages on account of gout, to preside over the Dock company, and explain to the shareholders the falling away of the rate of dividend to 3½ per cent. To save the situation he produced a dubious plan for inducing the Commissioners of the River Wear to subsidise the Dock Company to the tune of £2,000 a year, on condition that dock charges were reduced and a minimum depth of water maintained. But Lady Londonderry, in relentless opposition, persuaded Parliament to refuse its assent to a scheme which meant using public funds to pay a private company to do what its own interest dictated that it must do in any case. The Sunderland Dock Bill was lost, and in August 1858 Hudson in a "dolourous and lachrymose" speech had to announce a further fall of dividend to 1½ per cent. Ruin stared the company in the face, and four-fifths of the shareholders present at the meeting walked out in protest against the policy of their directors. Six months later no dividend at all could be declared.

The failure of the dock company reacted disastrously upon Hudson's political position. Quarrels broke out among the directors and officers of the company, and Hudson's political agent, J. J. Wright, was dismissed from its service

because he continued to act as Lady Londonderry's solicitor. Next, the shipowners of Sunderland gradually grew more and more restive and dissatisfied with their representation in Parliament. The crippled and discredited chairman of a bankrupt dock company was useless to them in the fierce agitation which they were promoting to secure the abolition of foreign tolls on British shipping and the adoption of the principle of reciprocity. And lastly, during the second half of 1858 Hudson, hunted once more by his creditors, fled for refuge again to Paris, whence he dispatched occasional manifestoes to his constituents excusing his absences and reiterating his devotion to their interests.

This state of affairs obviously could not last. In the spring of 1859 the Derby Ministry, after two years of uneasy life, went down to defeat over Disraeli's fancy Reform Bill. At the election which followed the Liberals of Sunderland resolved to wrest the second seat at Sunderland from the divided and discredited Tories. Accordingly a prominent Free Trade shipowner, W. S. Lindsay, who had represented Tynemouth in the last Parliament, left his seat to challenge Hudson in Sunderland. The principal Conservative paper, the *Sunderland Times*, was bought up by the Liberals, and every effort was exercised to remove what the Liberals characterised as "an unnatural tumour on a Reform borough." In a flash of profound insight into the significance of his political career, the *Sunderland Times* wrote of Hudson that "from the day, now fourteen years ago, since he first made his appearance in Sunderland, attended by his three hundred 'men of York,' he has ever been more representative of what may be called the county and agricultural, rather than what may be called the borough, commercial, and trading interests." The plain truth was that Sunderland was growing more Liberal; Hudson's past prowess was growing dim; it was time for a change.

A frantic dash from Paris brought the old warrior back to the fight, none the less. With his back to the wall, facing uproarious and jeering audiences, he sung his own praises

on the hustings to the last. "I have spent my time, money, and labour for the working classes," he cried; "I have given employment when labour was not abundant, and when no other man could have done it. There are thousands on whom I have conferred happiness and prosperity, and if I have not made a large fortune for myself, I do not regret it. When I look to the noble works which have been executed by my intelligence and industry, if I have not made a fortune, I have erected a number of monuments to my name in this district which will never be blotted out." But the appeal fell on deaf ears; and the poll was decisive—Fenwick 1,527, Lindsay 1,292, Hudson only 790.

Though he knew it was the end of his career, the defeated member went down with dignity. His farewell remarks after the poll were so generous as to draw from the *Sunderland Times* the admission that "if he never stood so low in votes, he never had fewer enemies. It is as a politician he has been rejected—as a man he has the sympathies of many who have been compelled to oppose his pretensions to be a legislator."

There was now nothing left for him but to renew his exile. But he had not been back long in Paris before, in the autumn of 1859, the death of Robert Stephenson created a vacancy in the representation of Whitby. Hudson knew that his influence was still strong there, but he was practically penniless, and dared not take the risk of appearing in England. Accordingly his enemy, H. S. Thompson of Moat Hall, carried the seat, whilst Hudson contented himself with issuing an address in which he promised to come forward and contest the seat at the next general election. But, unfortunately for him, no election was to occur for six long years. And those years were indeed a purgatory for the fallen Railway King. Not daring to return to England, he wandered to and fro between Paris and the Channel ports, living in cheap hotels, and steadily growing poorer, shabbier, and hungrier, as his last financial resources melted away. He was forgotten entirely by most of his former friends in England, and remembered

only by his creditors, who sought to foreclose the mortgages they had obtained upon his Whitby estate. The Sunderland Dock Company was wound up, or rather merged in the Wear Commission; and Hudson's shares became worthless.

Long ago, during the heyday of his glory, some German University had incongruously conferred upon the Railway King an honorary degree, making him a Doctor of Philosophy! Now he had indeed need of all the philosophy that he could muster. As the *York Herald* afterwards put it, "what he suffered in silence no one ever knew but himself. He was so miserably poor during the long years he languished on the Continent that there is good reason for believing that he not infrequently went hungry to bed; and at one time those staying at the hotel, where he lodged in what he called 'a garret at the top of the house,' came to know, when his place was vacant at the *table d'hôte*, that the formula, 'I am preferring a chop in my own room to-day,' was a figurative way of concealing necessities which the poor fallen monarch shrank from admitting."

A glimpse of the unfortunate man's pitiable condition is given us in Forster's *Life of Dickens*. Returning in the spring of 1863 from a visit to Paris, Dickens encountered, as he was stepping into the boat from Boulogne to Folkstone an old friend of his, Charles Manby, who was also crossing to England. "Taking leave of Manby," he writes, "was a shabby man of whom I had some remembrance, but whom I could not get into his place in my mind. Noticing when we stood out of the harbour that he was on the brink of the pier, waving his hat in a desolate manner, I said to Manby, 'Surely I know that man.'—'I should think you did,' said he; 'Hudson!' He is living—just living—at Paris, and Manby had brought him on. He said to Manby at parting, 'I shall not have a good dinner again, till you come back.' I asked Manby why he stuck to him? He said, Because he (Hudson) had so many people in his power, and had held his peace; and because he (Manby) saw so many Notabilities grand with him now,

who were always grovelling for 'shares' in the days of his grandeur." Dicken's dim recollection of Hudson's face was probably based on his having seen the Railway King once or twice in the offices of the *Daily News* during its early days.

At last, however, the long period of waiting drew to its end. During the summer of 1865 the dissolution of Parliament came in sight, and Hudson, old and feeble as he was, scented the battle from afar, and came hurrying back to his friends at Whitby. To his delight, he found the whole situation radically changed for the better; popular feeling, fickle as ever, seemed now to forget or condone his past errors; and he was even regarded as the victim of persecution by his creditors, especially the North-Eastern Railway. The Conservatives of Whitby were burning to avenge their defeat in 1859, and the sitting member, H. S. Thompson, was highly unpopular.

On June 8th Hudson arrived in Whitby, having been accepted three days before as the official Conservative candidate. On June 19th he addressed a large public meeting at St. Hilda's Hall. It was a great occasion for the old man. He had longed for years, he said, to vindicate his character from the charges that had been made against him in the past. He harked back to the fatal events of 1849, and one by one he went over the old accusations, refuting them and painting his own conduct in a favourable light. In particular, he pointed out how prosperous had since become many of the railways that he had been about to lease at the time of his fall—such as the Newcastle and Carlisle and the Stockton and Darlington. "The fact is," he went on, "I have borne all the obloquy showered upon me with much courage and strength of mind, and my innocence has been a great support to me in the persecution I have undergone."

Hudson's supporters rallied to his support with the wildest enthusiasm, which was increased by his promise, if returned, to take the West Cliff Estate back out of the hands of the railway company, and develop it for the town. His opponents' principal meeting was broken up, and ended with three cheers

for Hudson. The streets of Whitby were filled with placards calling on the electors to "Avenge Hudson's Wrongs" at the hands of the North-Eastern Railway. And the prophets began to say that he would carry the seat, after a close contest. But suddenly the hope was shattered; and Fate dealt her final blow to her old favourite. Hudson's creditors were enraged to learn that he had had the audacity to come back from exile and stand for Parliament. And one of them, who had been connected with him in the times of his prosperity—a dealer in iron—resolved to strike him down. Forty-eight hours before the poll, the sheriff's officer entered Hudson's bedroom, early on the morning of Sunday, July 8th, and arrested him for debt. Then, in spite of his protests, he was removed from Whitby, taken to York, and lodged next day in the insanitary old town prison, York Castle. The fury and dismay of the Conservatives at Whitby, when their candidate was thus "kidnapped" may be imagined. Roused to unheard-of energy, they somehow found another candidate, brought him forward, and carried the day by twenty-three votes. Indignation against Hudson's arrest was largely responsible for the result.

Hudson languished in York Castle for exactly three months—the formal charge against him being contempt of court for not paying off his debts. But as his creditors knew they could get nothing out of him, they arranged to let him out after the election was all over. He was, indeed, now so broken in health that there was no further possibility of his standing for Parliament. He remained, none the less, "the darling of the people of Whitby," and it was said even in 1868 that, if he had cared to come forward he could have been returned without opposition.

But the old man's ambition was now dimmed: he looked only for a little peace in his last few years. And in the winter of 1868, after the general election, some of his friends—he had many left—made up their minds that it was time he was freed from his financial troubles, and given a little comfort and protection. Accordingly a subscription was opened on

d groups of curious spectators
› by.
the procession, a tiny group
ends, including his faithful
Cabrey; and his editor, J. L.
When the city had been left
high road, entered the valley
to the wolds. And thus the
The great speculator, the
s, the politician, the social
countryside from which he

he tall grass half hides the
grey lichen eating into the
s carved about its base.

his behalf, the lead being taken by George Elliott, the Conservative M.P. for South Durham, and Hugh Taylor of Chipchase Castle. The sum of £4,800 was raised, which was used to buy Hudson an annuity of £600. This income, after all that he had experienced, seemed almost like wealth to him. He settled in London with Mrs. Hudson at 87 Churton Street, and began to hold his head up once more, visiting his friends, and finding himself received in good society as in the old days. He began again to frequent the Carlton Club, where, to his delight, he was re-elected to his old position as chairman of the smoking-room. "In spite of his seventy odd years, poor Hudson always took the bright side in speaking of himself and his reverses. It was the great kindness he was experiencing on all hands, never the bitter alteration in his circumstances, which he loved to dwell on."

To the day of his death his spirit was as fresh, sanguine, and life-enjoying as a boy's. He was as fond as ever of talking about himself; of his speeches when at the height of his prosperity; of the quiet family grave in the little Yorkshire churchyard which he used to visit from time to time; of old George Stephenson and the fun they used to have together —"the best of fellows and the best of friends"; of his civic triumphs as Lord Mayor of York, and the famous wine-coolers which he used to bring out at his banquets; of the way in which the nobility and the great world of London used to run after him in the days of his greatness; of the respect with which he was listened to in the House of Commons—and of a hundred anecdotes and quaint episodes of his extraordinary career. He even began to save up and put aside a little of his income, saying—in reply to the playful remonstrances of his friends—that he had now more than he needed, and was yet hoping to re-enter Parliament. His debts were at last all compounded, and he had begun to plan a fresh development of the Whitby Building Estate on West Cliff. Thus, right to the last moment he lived his life with zest, never losing interest, never confessing defeat.

The end came in the winter of 1871. Hudson had gone north, to visit his birthplace, and to pay a round of visits to friends in and near York. Whilst he was staying in the house of his oldest friend, J. L. Foster, now the proprietor of the *Yorkshire Gazette*, mortal illness came upon him. In the intervals of the attacks of angina he crept back again to his house in London, and there on December 14th he died. There was no question, however, of his being buried in London. And so, six days later, the Railway King set out upon his last pilgrimage. The body left London close upon midnight, and travelled over the Midland line to York, where it rested during the quiet hours of the early morning in the station. At 9.30 the funeral procession was formed—simple and unostentatious, as at Hudson's own request. He who had so often entered York like a king, who had played the hero in so many a festivity, now took part in a very different pageant. No guns were sounding, no flags were hung out, no huzzas could be heard. Only, as the procession passed across Lendal Bridge, and went up through the main streets of the city, the minute bells of the Minster and other churches were tolled, tradesmen along the route closed their shutters and pulled down their blinds, and groups of curious spectators assembled to watch the hearse go by.

Out into the country passed the procession, a tiny group of Hudson's relatives and friends, including his faithful secretary, Close; his engineer, Cabrey; and his editor, J. L. Foster, following to the end. When the city had been left far behind, the carriages left the high road, entered the valley of the Derwent, and ascended to the wolds. And thus the pilgrimage was accomplished. The great speculator, the builder of bridges and railways, the politician, the social magnate, had come back to the countryside from which he had sprung.

In Scrayingham churchyard the tall grass half hides the Hudson family grave, and the grey lichen eating into the stone all but obliterates the names carved about its base.

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